C4325-1

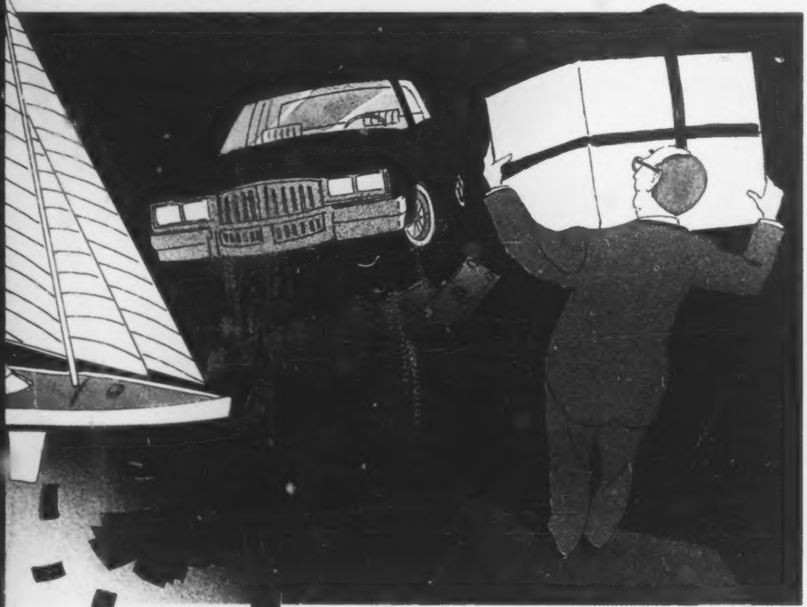
Folio:

A Publication of The Hanson Publishing Group, Inc.

NOVEMBER 1, 1990 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

Executive compensation: Just rewards 124

It's not so much what is "fair" or what someone is worth that determines executive compensation, but what you want a pay package to accomplish.



KERRY GAVIN

WENDY BARROWS

Connecting the dots

Identifying and exploiting profit opportunities among magazines that, for years, have been run as totally separate businesses are the immediate jobs ahead for Bill Communications' new president, John Wickersham. 69

Target marketing: Who's doing what

Suddenly, it seems, target marketing has acquired a critical number of publishers and advertisers who are interested, alert and—more important—involved. 140

Bring back the typesetter

In far too many cases, the desktop revolution has meant that typesetting responsibilities have been thrust on editors, with little or no concern for workload, skill or knowledge. That doesn't make sense. Editors are thinkers, not mechanics. 159

Houston Metropolitan
D
Texas Monthly
DIRTY DANCIN

Reach for 'em 81

Can two city books cover the territory better than one state book? The answer may lie in a coming shoot-out, as *D Magazine* and *Houston Metropolitan* gang up to take on state-wide top-gun *Texas Monthly*.

November 1, 1990

WENDY BARROWS

What's ahead for Hachette? 41

Following the departure of Peter Diamandis from Diamandis Communications, the company's name isn't the only thing that's changing.

International circulation 148

Going global means finding readers; managing editorial; delivering the goods; getting paid in currency you can use.

Single-copy sales picture differs by source 56

If you hear different stories about the health of single-copy sales, check the source. Data confirm that the greater the universe, the better things look.

Lipstein's new partner 41

Seiichi Hasumi, Owen Lipstein's new Japanese partner, leaves no doubt about who controls New America's purse strings. He does, despite the deal not being closed.

TECH TRENDS Folio:

The electronic dummy A look at three systems that provide distinctive approaches to the process of electronic dummying. 117

McGraw-Hill's desktop publishing center helps the publisher's magazines navigate the waters of changing technology. 111

Focoltone goes after the DTP market as it attempts to make its process color matching system the U.S. standard. 111

QuarkXPress versions for IBM and NeXT products will soon be available. 111

Kodak adds a color calibration program to its Prophecy publishing system. 114

UPDATE

ABP urges members not to jump on the postal hike bandwagon. 42

MPA announces a $1 million advertising campaign. 44

***Essence* tracks readers'** spending habits for advertisers. 46

Murdoch keeps video venture warm on back burner. 53

COLUMNS

The true measure of success, by Ron Scott. 164

Investing in sales training pays off, by Hershel Sarbin. 168

Beware of ad reps tooting their own horns, by Josh Gordon. 173

When can writers record phone conversations? by Slade Metcalf. 183

The 'Re' decade, by David Lott. 187

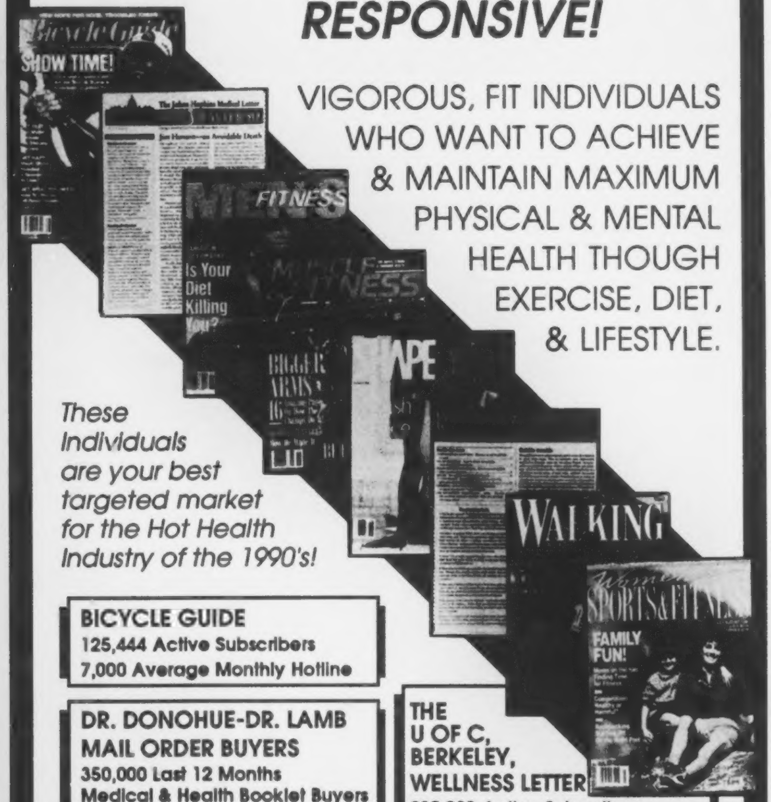
DEPARTMENTS

Briefings 9
Joe Hanson on Magazines 13
Letters 15
Commentary 29
Feedback 33
Update 41
Magazine People 69
Magazine Watch 81
List Watch 97
Calendar 105
Classified 192
Noteworthy 204

HEALTHY, WEALTHY AND *RESPONSIVE!*

VIGOROUS, FIT INDIVIDUALS WHO WANT TO ACHIEVE & MAINTAIN MAXIMUM PHYSICAL & MENTAL HEALTH THOUGH EXERCISE, DIET, & LIFESTYLE.

These Individuals are your best targeted market for the Hot Health Industry of the 1990's!



BICYCLE GUIDE
125,444 Active Subscribers
7,000 Average Monthly Hotline

DR. DONOHUE-DR. LAMB MAIL ORDER BUYERS
350,000 Last 12 Months
Medical & Health Booklet Buyers
15,000 Monthly Hotline

JOHNS HOPKINS HEALTH LETTER
315,550 Active Subscribers
35,000 Average Monthly Hotline

MEN'S FITNESS MAGAZINE
57,000 Active Subscribers
15,000 Monthly Hotline

MUSCLE & FITNESS MAGAZINE
123,170 Active Subscribers
15,000 Monthly Hotline

SHAPE MAGAZINE
235,000 Active Subscribers
35,000 Monthly Hotline

THE U OF C, BERKELEY, WELLNESS LETTER
925,000 Active Subscribers
121,000 Average Monthly Hotline

THE WALKING MAGAZINE
437,641 Active Subscribers
43,000 Average Monthly Hotline

WEIDER HEALTH & FITNESS MAGAZINE GROUP
223,021 Active Subscribers
16,000 Monthly Hotline

WEIDER MAIL ORDER PRODUCT BUYERS
442,000 Active Subscribers
5,000 Monthly Hotline

WOMEN'S SPORTS & FITNESS
208,429 Active Subscribers
35,000 Quarterly Hotline

Lists That Work For:
Health & Fitness Offers, Credit Cards, Publications, Conservation Causes, Book/Music/Video Clubs, Recreational & Exercise Equipment, Newsletters, Catalogs, Fundraising, Travel, Leisure, Vacations, Sports Offers, Gardening, Insurance,

LIST SERVICES CORPORATION
6 Trowbridge Drive, P.O. Box 516, Bethel, CT 06801 (203) 743-2600 Fax# (203) 778-4299

Vol. 19 No. 11

Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

A Publication of The Hanson Publishing Group, Inc.

Chairman of the Editorial Board: J. J. Hanson

Editor: Barbara Love; Executive Editor: Karlene Lukovitz; News Editor: Alan E. Sanderfoot; Deputy Managing Editor: Suzanne Zelkowitz; Copy Director: Deborah Schwab; Senior Writers: Lisa I. Fried, John Masterton; Reporters: Susan Hovey, Cary Peyton Rich, Tony Silber; Tech Trends Editor: Liz Horton; Assistant Editors: Zakia Hyder, Ellen Tulin; Copy Editor: Suzann D. Silverman.

Design Director: Lowry Thompson; Senior Art Director: Joseph Ulatowski; Assistant Art Director: Jeanne L. Hogle; Art Assistant/Page Make-up Artist: Mimi Burroughs; Production Manager: Katherine Marciante; Page Make-up Artist: Sheryl E. Allen.

Associate Publisher: Peter M. Goldstone; Group Advertising Director: Shirley Sax; Advertising Account Executives: Jane Edgell, Peggy Anne Schecter, Scott Schwadron, Caroline Van Ingen; Director of Advertising Development: Robin Altman.

Marketing Services—Sales Operations Manager: Gloria Williams; Sales Managers: Mary Crawford, Maureen Mollahan; Marketing Services Representatives: Mort Kramer, Karen Putrimas, Rosalind Flans, Beth Saar, Dorothy Smith, Nancy Tillson, Michelle Weber, Judith Wiley.

Corporate Promotion Director: Joanne Fitzsimmons; Promotion Art Director: Bill Lampe; Promotion Manager: Nancy E. Kappas; Assistant Promotion Manager: Nora Sikes; Reader Service Coordinator: Catherine Cameron; Advertising Traffic Manager: Nancy Gebhardt.

Group Production Director: Roberta Thomas; Group Manufacturing Manager: Patricia K. Raddock; Group Manufacturing Coordinator: Terri R. Ballester; Production Systems Manager: Catherine A. Vitti.

Corporate Circulation Director: Lynn C. Bushell; Associate Circulation Director: Jeffrey Hartford.

Manager of Conferences and Expositions: Pamela Dimond; Exposition Services Director: Edie Gardner; Director/Conference Development: Carol Harrison.

The Hanson Publishing Group, Inc., Chairman and CEO: J. J. Hanson; President and COO: William J. Ryan; Vice President/Chief Financial Officer: Paul Martin; Vice President/Marketing Services: Ellen Ziperman; Vice President/Planning: Ellen Shannon.

FOLIO: THE MAGAZINE FOR MAGAZINE MANAGEMENT is published 12 times per year. In addition to the 12 regular monthly issues, FOLIO: SourceBook is published annually. Copyright © 1990 The Hanson Publishing Group, Inc. FOLIO: THE MAGAZINE FOR MAGAZINE MANAGEMENT is published by The Hanson Publishing Group, Inc., 6 River Bend, P. O. Box 4949, Stamford, CT 06907-0949. 203-358-9900. Fax: 203-357-9014. And 232 Madison Ave., Suites 1500 (Editorial) and 1409 (Advertising), New York, NY 10016. 212-683-3540. Faxes: 212-683-3986 (Editorial) and 212-683-4072 (Advertising).

The Hanson Publishing Group, Inc., an affiliate of Cowles Media Company, also publishes Catalog Age, Inside Media, FOLIO:'s Publishing News and Direct.

Subscriptions: U.S.—1 year (12 issues), $68; 2 years (24 issues), $108; 3 years (36 issues), $143. Canada and Mexico—1 year (12 issues), $82; 2 years (24 issues), $132; 3 years (36 issues), $172. Foreign (air only)—1 year (12 issues), $144; 2 years (24 issues), $270; 3 years (36 issues), $384. Single copies of most past issues, $8. Special issues cost more. European subscriptions: Euromedia Amsterdam, Euromedia Projekten, Leidsegracht 94, 1016-CS Amsterdam, The Netherlands. Postmaster: Please send address changes to FOLIO:, P. O. Box 4294, Stamford, CT 06907-0949. ISSN 0046-4333. Second class postage paid at

Single-copy sales picture depends on source

Periodicals Institute's figures show brighter future than ABC's

by Barbara Love and John Masterton

WEST CALDWELL, N.J.—Publishers shudder when they look at recent unit sales performance for single-copy sales produced by the industry's most commonly quoted source—the Audit Bureau of Circulations. But the industry-wide picture is not that grim.

ABC tracks only about 600 of the largest-selling consumer magazines. Many in the business have contended that these ABC figures present a distorted picture of single-copy sales in general. The reason: Many of the unit sales lost by the larger magazines are gained by smaller special interest magazines on the newsstands—and many of these magazines are not audited by ABC.

For the first time, single-copy sales figures from a much larger universe have been compiled by the Periodicals Institute—and they prove the point.

Whereas ABC figures for the top 57 single-copy magazines show unit sales down 7.5 percent, the Periodicals Institute (PI), which measures more than 3,000 magazines, shows unit sales flat at minus .045 percent.

In addition to the ABC-audited titles, PI tracks single-copy sales through independent distributors.

Tunnel vision?

The ABC newsstand titles tracked account for only 15 to 20 percent of overall newsstand title sales, according to the Institute.

"I'm convinced it's absolutely true that what's happening to the large-selling titles, which everyone watches, is not the case for single-copy sales in general, and our new figures show that," says Jack Fitzmaurice, president of the Periodi-

Source comparison of single-copy sales

Source	Units (millions)		% change
	Jan.-June '89	Jan.-June '90	
Periodicals Institute: 3,000 titles	1,330.0	1,325.4	-0.045
ABC: Top 57 single-copy titles	58.3	53.9	-7.5

***The larger the universe** analyzed, the better the single-copy sales picture.*

To us, short runs are

cals Institute. "When you get beyond the first 60 or 70 titles, you begin to see single-copy sales growth. That's the way the game is going."

Impacting the numbers

Fitzmaurice refers to some of the very largest that impact the total numbers: For the first half of 1990 compared to that of 1989, single-copy unit sales for *Cosmopolitan* were down 7.4 percent, from 2,344,033 per issue to 2,170,997. *People Weekly* unit sales were down 6.1 percent, from 1,801,000 to 1,691,000. And *TV Guide* unit sales for the same period were down 4.7 percent, from 7,323,000 to 6,976,000.

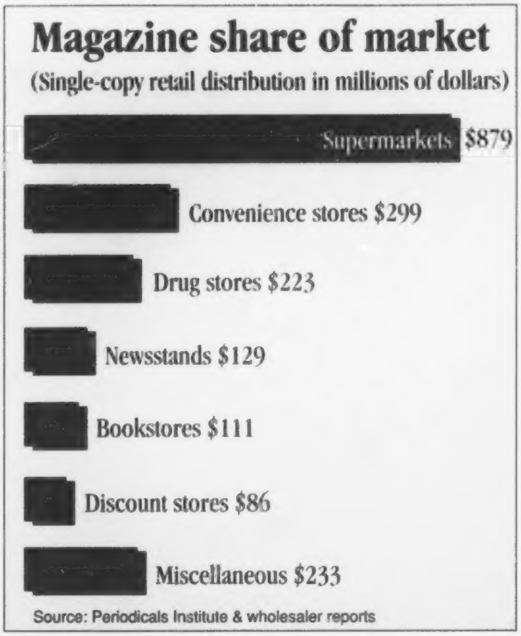
On the other hand, smaller titles like *Entrepreneur* were up. Single-copy sales for this magazine rose 7.8 percent, from 96,937 to 104,497. "That's a dramatic increase for a small, special interest title," says Fitzmaurice.

"New launches are up every year, reflecting more segmentation of reader interests," adds Steve Jacobs, vice president of the Periodicals Institute. "Reader loyalty is declining, but people are more likely to buy a particular issue that reflects a particular interest."

The Institute is now trying to compile information on a regular basis so it can present the industry with figures not now available.

The first report, due soon, will include total circulation on 3,000 magazines, with single-copy compared to total subscription figures.

"Some minor subscription-only titles that are not ABC-audited will not be included, but that's not very many," Fitzmaurice says. ☐



Source: Periodicals Institute & wholesaler reports

***Supermarkets are the number one outlet** for single-copy sales, with convenience stores following a distant second.*

nothing to grunt about.

who, according to research, are saving their back issues, reading the current ones seven times or more and tearing out insert cards to give to their friends. Obviously, the company won't know if it's succeeded in culturing big *SI* subscribers until the little *SI for Kids* subscribers grow up.

In the meantime, it appears Time will have to settle for making a profit within three years of launch.

Already, the magazine is doing well in both advertising and circulation. Advertisers, who sign up for a package program, pay $295,000 per year, which entitles them to 10 ad pages, affiliation with *SI for Kids'* literacy program, and value-added and promotional programs. The magazine has already nearly met its goal of signing up 36 advertisers for 1991; it carries a maximum of 360 ad pages per year.

Most of the current circulation of 802,600—up from 678,578 at the end of 1989, its launch year—comes from subscriptions (basic price: $17.95); an additional 250,000 copies are distributed to high-risk students as part of the literacy program.

While Moore declines to release figures, she says that *SI for Kids* is on budget, has a positive cashflow, and is almost breaking even. "I would be very upset if we weren't making a profit by 1992," she adds.

But the hidden weapon here is merchandising. "What's going to push us into profitability is how fast the line extensions are heating up," Moore reveals. *Sports Illustrated for Kids* children's wear is sold at Sears, Roebuck & Company. Bookstores nationwide sell 18 *Sports Illustrated for Kids* books and a calendar.

Several lists were used to generate the subscriber base of the magazine, but there was no particular emphasis on trying to get current *Sports Illustrated* subscribers to purchase the spin-off for their children. In fact, less than 10 percent of *SI for Kids* readers come from homes that also receive *Sports Illustrated*. "We don't know how to cross-promote the books yet," Moore says. "We're going to concentrate on that this year."

Nonprofit versions

Nonprofits were among the first to spin off kids' magazines, but their versions, not surprising, are seen more as extensions of the parent organizations' missions than as revenue sources. Two of the oldest were founded to educate children and promote literacy.

National Geographic World, now 15 years old, does not know how many of its young readers (1.3 million of them worldwide) have or will become *National Geographic* subscribers, but may start tracking that information next year, says editor Pat Robbins. "We hope many of them would become readers of *National Geographic*, but even if they don't, we would like them to go on to read something and be informed about the world," she says.

World is not breaking even and hasn't been for two years; over its history it has been up and down. "It's not a moneymaker, but as a nonprofit group, it's not something we're concerned about," says a spokesman.

Zillions—Consumer Reports for Kids, a ten-year-old title formerly known as *Penny Power*, also is uncertain about how many of its eight- to 14-year-old readers will graduate to *Consumer Reports*. "That was not our intent," says Charlotte Baecher, editor, who also serves as director of education services for Consumers Union. "Ours was much more of an educational objective than one of building *Consumer Reports* subscribers. Our readers outgrow *Zillions* at 14. That's not really an age when they would be getting into *Consumer Reports*."

Who knows what kids want?

But whether for profit or not, producing a successful kids' magazine is far from all fun and games.

"I have the same editorial budget I do for the big *SI*, but *SI for Kids* is much harder to publish than the adult title," says Moore. "If you're an editor on the adult book, you're basically writing for yourself. But as much as we like to think we know what it's like to think like an eleven year old, we don't. You have a very narrow window. You can't be babyish and you can't be too grown up."

Editorial consultant Rita Stollman agrees that serving young readers' needs can be tricky. "Look what happened with the college magazines. We don't know enough about producing magazines for this market, except for very small children."

Despite the difficulties, it doesn't take ESP to predict that, if the new spate of for-profit spin-offs does as well as *SI for Kids*, their numbers will continue to multiply.☐

Aviation trade advertising looking up

Upswing in new plane orders, aftermarket products gives heavily segmented market a lift

by John Masterton

■ NEW YORK CITY—After a long period of being grounded, advertising in aviation business magazines is starting to take off again.

The top 50 advertisers in aviation industry media increased their advertising by more than 8 percent last year, according to Patterson Advertising Reports. And that uptick continued through the first half of 1990.

At this point, the main beneficiaries are a few titles, including *Aviation Equipment Maintenance* (*AEM*), *Flying* and *Commuter Air*, which posted double-digit ad revenue gains last year. In fact, four titles in the middle and lower parts of the market

HOW TO BEAT THE AIRPORT NOISE COPS
FLYING
EAST RIVER RUNWAY
GARRISON: THE BEST WAY TO FLY
TAMPICO TRAINS WITH NEW STYLE

Although it serves private pilots,* Flying *is snagging trade accounts.

posted double-digit declines. Still, as a group, the 14 aviation titles that Patterson tracks are on the upswing, with a first half 1990 ad revenue gain of 3.1 percent.

Although new plane orders for general aviation have been sour for a few years, aircraft manufacturers are now scrambling to keep up with record orders for new jets. Meanwhile, aftermarket and maintenance sales for existing aircraft are soaring, as large airlines struggle to keep their fleets in tip-top shape while waiting for new planes.

"Aviation has had some tough spots in the last decade," says Randall Mikulecky, director of client services at Sullivan, Higdon & Sink, an ad agency in Wichita, Kansas, with several large aviation accounts. "Now a few key indicators are looking up, and the industry is more positive than it's been in a long time."

Air Transport World
Business & Commercial Aviation
AIRPORT SERVICES
HANDLING THE HOMELESS AT YOUR AIRPORT
Aircraft Technician
FBO
THUNDERBIRD AVIATION
SELF-SERVICE FUELING
UNDERSTANDING PUBLIC RELATIONS
UNCOMPROMISING PAINT SHOP
JULY AUGUST 1990

Among the many aviation trade titles, no two are exactly alike.

Field heavily segmented

The "aviation trade industry" is in fact a wide-ranging group of niches. "No two titles are quite alike," says Paul Berner, editor of *AEM*, which covers maintenance for airliners, commuter carriers and corporate fleets. *Air Transport World* covers the world's passenger carriers, while *Flying* targets private pilots of four-seaters. Some titles report on the latest in cockpit navigation equipment; others help airport executives plan terminal renovations.

Consequently, a setback in one segment may sometimes mean prosperity in another.

For instance, new small plane sales have been sagging for more than a decade. This hasn't been good news for books relying too heavily on manufacturers such as Piper, Cessna and Beech. But it also means private pilots are keeping aircraft longer and spending more on maintenance at fixed-base operators (FBOs), the aviation equivalent of the general store.

"Because they sell everything from fuel to the latest cockpit bells and whistles, FBOs are now the economic center of the industry," says Mike Murrell, publisher of Johnson Hill Press's Aviation Group, whose bimonthlies include *FBO* and 1989 start-up *Aircraft Technician*.

Still, the pendulum could soon swing back again, according to Ken-

Leading aviation trade titles

By first half 1990 ad revenue

Title	Ad pages Jan.-June 1989	Ad pages Jan.-June 1990	% change	Ad revenue Jan.-June 1989 ($000)	Ad revenue Jan.-June 1990 ($000)	% change
Flying*	303	346	14.5	$4,109	$4,710	14.6
Business & Commercial Aviation	394	380	−3.5	5,003	4,704	−6.0
Air Transport World	535	518	−3.3	2,994	3,204	7.0
AOPA Pilot	345	369	6.9	2,796	2,935	5.0
Aviation Equipment Maintenance	303	344	13.4	1,280	1,602	25.2
Professional Pilot	278	244	−12.1	1,435	1,187	−17.3
Rotor & Wing International	268	212	−21.0	1,269	1,014	−20.1
Aviation International News**	144	154	7.2	829	803	−3.1
Commuter Air	155	161	3.6	611	691	13.1
Airline Executive	124	112	−9.8	664	647	−2.5

* Primarily a consumer title, with some coverage of business aspects of owning and operating airplanes.

** Published six times a year. All other titles are monthly.

Source: Patterson Advertising Reports, Inc.

***Although the aviation field** has seen increases in revenue for the past two years—more than 8 percent last year and 3 percent this year—it still has its ups and downs.* AEM *and* Flying *are high fliers.*

neth Gazzola, executive vice president of McGraw-Hill's Aviation Week Group, publisher of ***Business & Commercial Aviation*** (*BCA*), ***Aviation Week & Space Technology*** and other titles. "As aircraft get older, some will get too expensive to overhaul," Gazzola says. "This could help rev up the new plane market again."

Airport management is changing, too. Although airport traffic continues to rise in every plane class, no major new airports have been built since Dallas/Fort Worth International in 1974. This puts enormous pressure on existing facilities, according to Patrick Barry, publisher of *Airport Services Management* (*ASM*). As airport executives order more renovations, new ad markets are opening up, such as building materials, communications equipment and furniture for remodeled terminals.

Government regulations have also been spawning new ad markets. Safety is a primary concern in both general and commercial aviation, and standards change often as new technology becomes available. "A lot of newer equipment requires much more intensive maintenance regimes," explains *AEM*'s Berner.

Dollars are also being spent on recruitment and training ads for flight schools, airlines and corporate aviation departments. Like other industries, aviation is concerned about looming labor shortages: The number of new flying students is up, but only slightly, according to Patricia Luebke, advertising director for *Flying*, a 321,000 circulation consumer title that also addresses some business aspects of owning and operating airplanes. Media buyers say the Diamandis publication has been particularly resourceful in attracting such accounts.

But many aviation publishers say the strongest ad growth is coming from avionics (electronic navigation systems) and training. "Avionics is important to almost every title," says Murrell of Johnson Hill Press.

Storm clouds ahead?

Despite these opportunities, however, aviation publishers face some major challenges. In particular, supplier mergers and buyouts sometimes reduce the pool of media dollars that are available.

"Consolidation is becoming a major factor," states Jim Kleypas, president of San Antonio-based Womack Claypoole Kleypas, an agency with 14 aviation accounts. "In some cases, it may mean lower media budgets."

Moreover, while the field has become more segmented, it may also have become overpopulated. The Aviation & Aerospace section in the July 1990 *Business Publication Rates and Data* features 47 titles. There are also numerous international and little-known regional journals, all vying for attention—and advertising.

Despite the promise of new and expanding ad markets, the field may be overpopulated.

"There's little doubt there'll be a shake-out sooner or later," Kleypas speculates. "There's only so much business to go around."

Indeed, Knight-Ridder start-up ***Runways Southern California***, recently halved its frequency due to flagging ad sales. In the wake of a 35 percent first-half drop in ad revenue, *ASM* has cut back from monthly publication to six times a year, effective with the July/August issue. Last year, *AEM* bought out ***Aviation Mechanics Journal*** and folded the title. And media buyers say regional and international titles come and go like jetliners in the night.

Moreover, recent upstarts are giving older titles a run for their money. "*FBO* and a few association trade organs have made things more competitive," says Berner.

Not surprisingly, such pressure has produced some off-card deals and overly generous frequency discounts. "Most sells are on the card, but there is some 'merchandising' in the market," reports Pam Seuferling, media supervisor at Eidson, Speer, Watson & Dickerson, an agency in Shawnee Mission, Kansas, that specializes in aviation accounts. "Of course, part of our job is finding those buys for the client."☐

Experience.

DeSilva & Stentiford Associates Ltd.
133 East 39th Street
New York, N.Y. 10016
Phone: (212) 697-5460
Fax: (212) 697-9228

"Executive Search to the Publishing Industry"

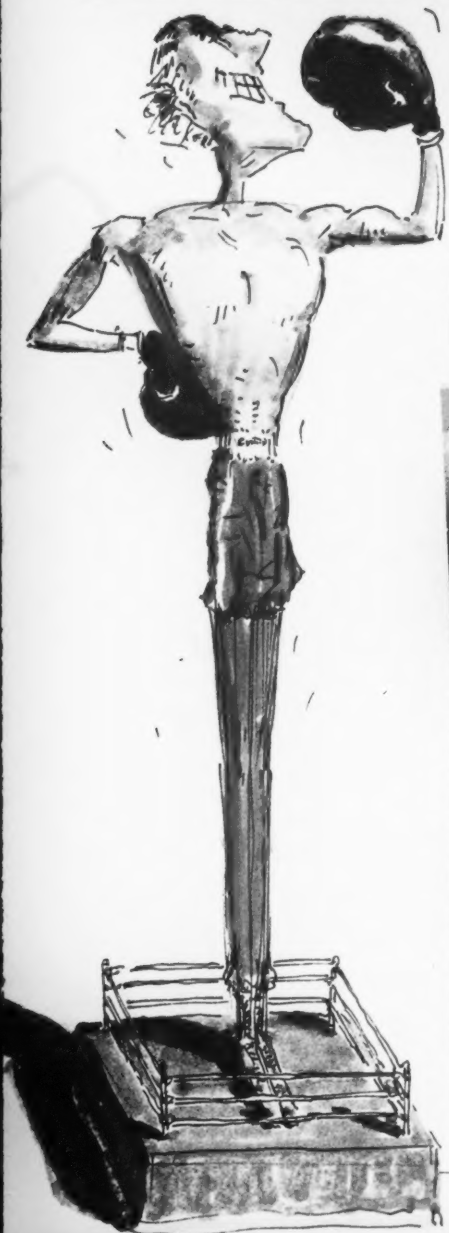
Circulation salary survey . . . see page 104

C4

Folio:

A Publication of The Hanson Publishing Group, Inc.

DECEMBER 1, 1990 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50



1991 budgets: In fighting trim

Publishers have cut costs, pared staffs, found new sources of revenue. Now they are ready—even anxious—for the survival fight ahead. 72

CIVIL WAR
THIS FALL ON TV
A PBS CIVIL WAR SERIES HITS THE SMALL SCREEN
CIVIL WAR

War stories

These are boom times for Civil War titles, as advertisers respond to a renewed surge of consumer interest that's been sparked by the hugely popular Civil War PBS TV documentary. 45

More mailing woes follow budget plan

Because of the law Congress recently passed to reduce the Federal budget deficit, publishers may need to tack another 2 percent on to the already 23 percent (average) second class postal rate hikes estimated for 1991. 19

Roundtable: Coping in a new climate

Business publishers discuss sales compensation plans, getting the most out of ancillary ventures, and other survival strategies. 81

Coated paper: The year ahead

The developing trends in the supply/demand balance of coated paper, and what they might mean to the health of your magazine's bottom line. 94

December 1, 1990

One year and counting 35

Time partner Wilmer Ames has *Emerge*d from the launch of his upscale, news-oriented black title with a hopeful future.

Will readers pay postage? 19

To combat postal rate hikes, some publishers are testing whether new subscribers will pay postage and handling costs on top of rising subscription prices.

Ziff after the Seybold buy 20

Ziff Communications Co. calls its purchase of the Seybold organization the "strategic cornerstone" for its expansion into seminars, trade shows and newsletters.

The $4M 'sexual slavery' case 22

Penthouse's highly publicized sexual harassment case may be turning off some advertisers, but it may also prove the old axiom: Any publicity is good publicity.

TECH TRENDS
Folio:

Fax publishing
By 1995, 30 percent of American households will have fax machines. Shouldn't you be getting ready to take advantage of these publishing opportunities? 65

New NeXT computers, armed with 16- and 32-bit color, are going after the high-end publishing market. 61

They've had enough of merging text with four-color art on million-dollar machines. Now, *TV Time* and *The Cable Guide* are getting ready to attempt it in-house. 61

Can a professional publishing system be as easy to use as a "desktop" station? Bestinfo hopes to bridge the gap by running on OS/2. 61

UPDATE

Entertainment Weekly goes under the knife to curb first-year losses nearing $50 million. 23

Soviets are targeted for sale of newsstand copies unsold in the United States. 24

The PostNet barcode is selected for use on flats. 25

K-III gears up for directory shopping spree. 25

How *SI* got $2.5 million for new desktop equipment. 26

Publishers grapple with policies for reservists. 28

Video-sold house plans to boost Hanley-Wood revenues. 27

COLUMNS

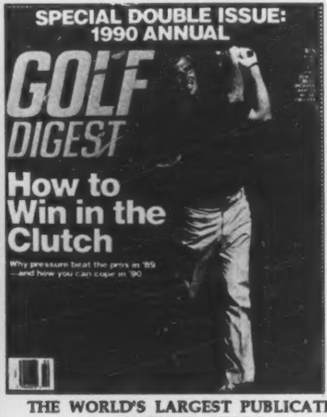
Confidential sources, by Slade Metcalf. 113

Hooking your share of national ads, by Craig Neal. 127

DEPARTMENTS

Briefings 7
Joe Hanson on Magazines 11
Letters 12
Feedback 14
Commentary 17
Update 19
Magazine People 35
Magazine Watch 45
List Watch 51
Calendar 57
Classified 133
Noteworthy 144

BIG Spenders Who Respond!



1990 YEARBOOK
tennis
BIG POINTS
The player of the 90s; the winners & whiners of the 80s

THE WORLD'S LARGEST PUBLICATIONS IN THEIR FIELDS.
HEAVY HITTERS WHO SPEND BIG MONEY!

GOLF DIGEST

1,200,000 Active Subscribers
80,000 Monthly Hotline

Your Direct Link to the Upscale Market

- $81,000 Average HHI
- $640,000 Average Net Worth
- 76% of those employed-Professional/Managerial
- 83% College Educated
- 95% Men
- 49 Average Age

tennis MAGAZINE

420,645 Active Subscribers
15,767 Monthly Hotline

Affluents Setting a Standard of Responsiveness

- $98,000 Average HHI
- $874,000 Average Net Worth
- 79% of those employed-Professional/Managerial
- 82% College Educated
- 62% Men/38% Women
- 40 Average Age

SNOW COUNTRY
AMERICA'S TOP 35 SKI RESORTS

The #1 Year Round Ski & Mountain Activity Magazine

SNOW COUNTRY

CLIMB TO NEW HEIGHTS OF RESPONSE WITH
83,038
Active Subscribers
Monthly Hotline Available

Subscriber Demographics Deliver:

- $96,000 Average HHI
- 70% of those employed-Professional/Managerial
- 87% Homeowners
- 89% College Educated
- 74% Men/26% Women
- 39 Average Age

Upscale Consumers With Incredible Histories of Direct-Mail-Responsiveness to:

Financial Services • Newsletters • Travel • Leisure • Vacations
Fundraising • Collectibles • Resort & Land Development
Catalogs • Publications • Credit Cards • Insurance
Book/Music/Video/Clubs • Sweeps
Memberships • Clubs • Upscale & General Merchandise
Gardening • Health & Fitness • Golfing Offers • Tennis Offers

LIST SERVICES CORPORATION
Order These Highly Responsive Lists Today! FAX (203)778-4299
6 TROWBRIDGE DR., P.O. BOX 516, BETHEL, CT 06801 (203) 743-2600

Circle no. 50 for more information

Vol. 19 No. 12

Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

A Publication of The Hanson Publishing Group, Inc.

Chairman of the Editorial Board: J. J. Hanson

Editor: Barbara Love; Executive Editor: Karlene Lukovitz; News Editor: Alan E. Sanderfoot; Deputy Managing Editor: Suzanne Zelkowitz; Copy Director: Deborah Schwab; Senior Writers: Lisa I. Fried, John Masterton; Staff Writers: Susan Hovey, Cary Peyton Rich, Tony Silber; Tech Trends Editor: Liz Horton; Assistant Editors: Zakia Hyder, Ellen Tulin; Copy Editor: Suzann D. Silverman.

Design Director: Lowry Thompson; Senior Art Director: Joseph Ulatowski; Assistant Art Director: Jeanne L. Hogle; Production Manager: Katherine Marciante; Art Assistant/Page Make-up Artist: Mimi Burroughs; Page Make-up Artist: Sheryl E. Allen.

Associate Publisher: Peter M. Goldstone; Group Advertising Director: Shirley Sax; Advertising Account Executives: Melanie S. Janowsky, Peggy Anne Schecter, Scott Schwadron, Caroline Van Ingen; Director of Advertising Development: Robin Altman.

Marketing Services—Sales Operations Manager: Gloria Williams; Sales Managers: Mary Crawford, Maureen Mollahan; Marketing Services Representatives: Mort Kramer, Karen Putrimas, Rosalind Flans, Beth Saar, Dorothy Smith, Nancy Tillson, Michelle Weber, Judith Wiley.

Corporate Promotion Director: Joanne Fitzsimmons; Promotion Art Director: Bill Lampe; Promotion Manager: Nancy E. Kappas; Assistant Promotion Manager: Nora Sikes; Reader Service Coordinator: Catherine Cameron; Advertising Traffic Manager: Nancy Gebhardt.

Group Production Director: Roberta Thomas; Group Manufacturing Manager: Patricia K. Raddock; Group Manufacturing Coordinator: Terri R. Ballester; Production Systems Manager: Catherine A. Vitti.

Corporate Circulation Director: Lynn C. Bushell; Associate Circulation Director: Jeffrey Hartford.

Manager of Conferences and Expositions: Pamela Dimond; Exposition Services Director: Edie Gardner; Director/Conference Development: Carol Harrison.

The Hanson Publishing Group, Inc., Chairman and CEO: J. J. Hanson; President and COO: William J. Ryan; Vice President/Chief Financial Officer: Paul Martin; Vice President/Marketing Services: Ellen Ziperman; Vice President/Planning: Ellen Shannon.

FOLIO: THE MAGAZINE FOR MAGAZINE MANAGEMENT is published 12 times per year. In addition to the 12 regular monthly issues, FOLIO: SourceBook is published annually. Copyright © 1990 The Hanson Publishing Group, Inc. FOLIO: THE MAGAZINE FOR MAGAZINE MANAGEMENT is published by The Hanson Publishing Group, Inc., 6 River Bend, P. O. Box 4949, Stamford, CT 06907-0949. 203-358-9900. Fax: 203-357-9014. And 232 Madison Ave., Suites 1500 (Editorial) and 1409 (Advertising), New York, NY 10016. 212-683-3540. Faxes: 212-683-3986 (Editorial) and 212-683-4072 (Advertising).

The Hanson Publishing Group, Inc., an affiliate of Cowles Media Company, also publishes Catalog Age, Inside Media, FOLIO:'s Publishing News and Direct.

Subscriptions: U.S.—1 year (12 issues), $68; 2 years (24 issues), $108; 3 years (36 issues), $143. Canada and Mexico—1 year (12 issues), $82; 2 years (24 issues), $132; 3 years (36 issues), $172. Foreign (air only)—1 year (12 issues), $144; 2 years (24 issues), $270; 3 years (36 issues), $384. Single copies of most past issues, $8. Special issues cost more. European subscriptions: Euromedia Amsterdam, Euromedia Projekten, Leidsegracht 94, 1016-CS Amsterdam, The Netherlands. Postmaster: Please send address changes to FOLIO:, P. O. Box 4294, Stamford, CT 06907-

ABP The Audit Bureau Member MPA

Coated Paper: Economic and environmental

What are the developing trends in the supply/demand balance of coated paper, and what might they mean to your magazine's bottom line?

BY ARTHUR C. VEVERKA

More and more magazines are vying for shares of the available ad dollars; the electronic media are offering increasing opportunities to advertisers; and postal rates are going up. Magazine publishers are struggling. They are not only looking for ways to attract additional revenue, but diligently seeking ways to control costs. In this environment, having the right supply of paper at the right price will have a critical effect on the publisher's bottom line.

What can publishers expect in the year to come in terms of supply and demand? And what are some of the consequences in terms of cost?

Demand: The end-use markets

In examining the demand for any grade of paper, it is necessary to understand what is happening in its primary end-use markets. Thus, we will look at the factors that have influenced the demand for coated paper in the five most important end-use markets as they relate to publishers. These are magazines, direct mail, catalogs, inserts/flyers and coupons.

The magazine end-use sector consumed some 2.87 mm tons of coated paper in 1989—a decline of 122,000 tons from the 1988 level. A further drop of about 2 percent is anticipated for 1990. A possible explanation is that ad pages are down, competition for ad revenues is heated, and many magazines are in trouble.

However, the news is not all bad. The magazine sector, which is represented by consumer, business, trade, comic, TV and Sunday newspaper magazines, constitutes close to 37 percent of all coated paper use. Thus, its health plays a major role in the health of the coated paper market. (Its importance is even greater if we consider only coated groundwood papers, where magazines comprise just over 50 percent of the total consumption.) And the outlook for magazines in 1991 is, at the moment, good. The U.S. economy should experience renewed growth (GNP +3.5 percent), which would mean that ad pages should increase substantially. In addition, weaker magazines will have been weeded out, creating a healthier environment for the surviving ones.

Paper quality continues to play a major role in magazine paper selection. Coated papers' share of the total magazine paper market increased to 76 percent in 1989. The longer term trend should be for some additional modest increase as the quality image of coated paper continues to be stressed.

Publication areas that compete with magazines for coated papers are also very active. For example, catalogs and direct mail together are the second most important outlet for coated paper and constitute just about 29 percent of total consumption. For 1989, these end-users consumed 2.26 mm tons of coated paper, divided almost equally between groundwood and freesheet grades. This was a decline of just under 3 per-

• In summary •

- **Future magazine demand for coated paper** will be affected by three critical factors: a trend toward lighter basis weight; the use of and demand for recycled fiber; the continuing push for higher quality.
- **Projected growth of the economy** in 1991 (GNP +3.5%) should mean that ad pages will increase substantially. The consequent increase in demand for coated groundwood will not necessarily be met with an increase in supply. For coated freesheet, however, both supply and demand will be strong.
- **Demand for coated paper** is down in the catalog, direct mail, insert/flyer and coupon markets, although there is a slow growth in the rate of coated paper use in the coupon market.
- **Total U.S. demand for coated paper** is forecast to be strong—in 1991, an increase of almost 750,000 tons, or 9.0%, over 1990.
- **The pricing environment** that publishers will face through 1991 will be mixed. There is the likelihood of rising prices for coated groundwood; for coated freesheet, there will be a better pricing environment.

pressures

cent from 1988, and a direct result of postal rate increases in 1988. For 1990, a recovery in consumption of about 2 percent is expected, with a further increase in excess of 4 percent for 1991.

The past year (1989) was also one of declines in demand in two other competitive end-use markets—the insert/flyer and coupon markets. The end-users saw year-over-year demand fall by 3.3 percent and 4.7 percent, respectively. A wariness about the economy and its growth fueled these declines. Actual tonnage levels in 1989 were 615,000 tons for the insert/flyer market and 411,000 tons for coupons.

For 1990, insert/flyer tonnage is forecast to be up about 3 percent and to rebound a somewhat greater percentage in 1991. This growth is considerably less than the early and middle 1980s, when this segment was among the fastest growing. This is a direct result of problems in the retailing industry, as exemplified by store closings.

Coupons, on the other hand, are showing a very slow growth rate and seem to have reached a level of maturity. Growth is expected to be in the 1 percent range for 1990 and about 2 percent for 1991.

Factors affecting demand

Future demand for coated papers in magazines will be affected by three basic factors: a trend toward lighter basis weights; the use of recycled fiber; and a continuing push for higher quality. In many ways, the first two factors are intertwined with the quality issue.

On the basis weight front, 34-pound coated groundwood paper, which is the standard for many magazines, is slowly but surely being

PHOTO COURTESY OF JAMES RIVER CORP.

North American coated freesheet capacity increases
Announced capacity additions

YEAR	COMPANY	LOCATION	TONNAGE (short tons)	COMMENTS
	U.S. PRODUCERS			
1990	Champion	Quinnesec, MI	240,000	New machine coater - #3 & #4
	S.D. Warren	Muskegan, MI	60,000	Rebuild - #2 & #3
	S.D. Warren	Somerset, ME	225,000	New machine coater - #3 & #4
	Westvaco	Wickliffe, KY	125,000	New off machine coater - #2 & #3
1991	Consolidated Paper	Wisconsin Rapids, WI	212,000	New machine
	Westvaco	Wickliffe, KY	125,000	New off machine coater
	CANADIAN PRODUCERS			
1990	Island Paper	New Westminster, B.C.	83,000	New off machine coater
	TOTAL COATED FREE SHEET EXPANSION		1,070,000	short tons
	COMPOUND ANNUAL CAPACITY GROWTH 1989-1993		5.5%	

API & Jaakko Poyry Consulting, August 1990

replaced by 32-pound paper. Similarly, in the medium- to heavy-weight coated groundwood papers, the trend is toward a greater use of 40-pound paper.

In coated freesheet, there is also a trend toward the use of lighter basis weights—although this trend is not as pronounced as in the groundwood grades.

In both cases, the basis weight trend is being driven by the fact that suppliers are offering equal quality at lower basis weights. Of course, increases in postal costs are helping substantially in this trend.

The use of recycled fiber is probably the single biggest issue currently facing the U.S. and Canadian paper industries. The push to increase the use of recycled fiber is coming from all directions, but particularly from governmental sources in response to the growing solid waste problem. Publishers are also expressing an interest in coated papers with a recycled fiber content. However, thus far, they are unwilling to accept either a lower quality or a higher priced recycled fiber content sheet. Instead, they express a need to be supplied with a coated "recycled" grade that is comparable in quality to current virgin fiber grades with a potentially lower price.

The question of the use of recycled fiber, particularly when combined with quality demands, is one of the most vexing that the paper industry has faced. For certain, there are currently producers of recycled content coated papers, and these will undoubtedly increase in the future. However, almost exclusively they are using pre-consumer recycled fiber and not post-consumer fiber. The latter is the aim of the mandatory recycling/solid waste legislation that we have seen.

Producing high quality coated paper from post-consumer recycled fiber is technically feasible, but would be more costly than current production based on virgin fiber. The amount of additional pre-consumer recycled fiber available is limited, thus limiting the amounts of "recycled" content coated paper using this source. Further complicating the issue is the fact that most of the announced recycling plants for newsprint are based on using a 70/30 mixture of old newspapers and old magazines. This will potentially use up a significant part of the readily available old magazine supply, which could be needed if post-consumer, recycled fiber content coated paper were to be produced.

(CONTINUED)

North American coated freesheet capacity 1988 - 1993

	1988		1993		CHANGE	
COMPANY	TONS (000)	% OF TOTAL	TONS (000)	% OF TOTAL	TONS (000)	% OF TOTAL
TOTAL UNITED STATES (API)	3,436	100.0%	4,780	100.0%	1,344	100.0%
U.S. PRODUCERS						
Blandin Paper Company	10	0.3%	10	0.2%		
Boise Cascade	155	4.5%	155	3.2%		
Champion International	280	8.1%	520	10.9%	240	17.9%
Consolidated Papers	300	8.7%	520	10.9%	220	16.4%
Dunn Paper Co.	20	0.6%	20	0.4%		
Fraser Paper Ltd.	40	1.2%	40	0.8%		
P.H. Glatfelter	40	1.2%	40	0.8%		
International Paper	100	2.9%	150	3.1%	50	3.7%
James River	110	3.2%	50	1.0%	(60)	
Mead Corporation	370	10.8%	370	7.7%		
Midtec Paper	205	6.0%	305	6.4%	100	7.4%
Northwest/Potlatch	240	7.0%	280	5.9%		
Penntech	35	1.0%	35	0.7%		
Plainwell (Simpson)	40	1.2%	40	0.8%		
Simpson	250	7.3%	375	7.8%	125	9.3%
S.D. Warren	800	23.3%	1085	22.7%	285	21.2%
Watervliet	50	1.5%	50	1.0%		
Westvaco	410	11.9%	660	13.8%	250	18.6%
Total U.S. Identified	3455	100.6%	4705	98.4%	1210	90.0% **
TOTAL CANADA (CPPA)	143	100.0%	230	100.0%	87	100.0%
CANADIAN PRODUCERS						
Abitibi-Price	83	58.0%	83	36.1%	0	0.0%
Fraser Paper Co.	30	21.0%	34	14.8%	4	4.6%
Island Paper Mills			83	36.1%	83	95.4%
Miramichi Pulp & Paper			*			
Rolland	30	21.0%	30	13.0%		
Total Canadian Identified	143	100.0%	230	100.0%	87	100.0%

Note: * Miramichi reportedly targeting estimated 45,000-75,000 tons of new capacity as coated free shee
** Does not include incremental increases

The third factor—quality—will continue to be a major driving force in the type of product demanded by magazine paper buyers. Higher quality grades will experience the highest growth rates. This will mean that North American paper producers will have to continue to stress quality if offshore paper producers (whose quality is considered to be the best) are not to regain an increasing share of the U.S. coated magazine paper market.

To the benefit of purchasers, some producers of coated freesheet grades are upgrading their quality and producing new grades. In some instances, these grades are exhibiting characteristics of the next higher grade (*e.g.*, a no. 4 grade with no. 3 qualities), but are not being marketed or priced at the higher grade level. Rather, the paper suppliers are trying to use superior quality to gain market advantage.

Based on the factors already discussed, plus a projected rebound in the U.S. economy in 1991, the total demand for coated paper is expected to be strong. In addition, postal rate increases from 1988 have been worked through, sparking a trend toward lighter basis weights.

The last factor affecting our 1991 forecast is an expected increase in inventory in the hands of the purchasers. Inventories are down, owing to a plentiful supply. However, the supply picture is expected to change markedly in 1991. This has led to a projected inventory increase of about 250,000 tons.

The result is an expected increase in total U.S. coated paper demand of almost 750,000 tons, or 9.0 percent, over 1990 levels. The increase is expected to be equal on a percentage basis between coated groundwood and coated freesheet papers. With the projected increase of 416,000 tons of coated groundwood grades, demand in 1991 (5,012,000 tons) will finally surpass the 1988 demand level (4,655,000 tons). Future demand increases will be moderate compared to the levels experienced for much of the 1980s (over 6 percent) as the reality of increasing competition from higher quality coated freesheet grades, improved quality uncoated grades (highly filled supercalendered paper), and a strong trend to lighter basis weights set in.

Coated freesheet will continue to be one of the highest growth grades within the paper industry for the foreseeable future.

Supply: Planing ahead

Last year, we expected the supply outlook to be good for both coated groundwood and coated freesheet. For coated groundwood, the situation changed dramatically in 1990. From last year's projected U.S. increase of almost 1 mm tons between 1988 and 1992, the current increase appears to be more in the range of 320,000 tons.

JAMES RIVER
SONOMA WEB GLOSS
1904
1912
791010452

Probably the biggest, most vexing issue facing U.S. and Canadian paper industries is the use of recycled fiber for paper.

[redacted]

What happened? Because of falling prices, demand declines, operating rates below 90 percent, and a severe margin squeeze, a number of planned projects were either put on hold or tabled altogether. The one certain new machine in the 1990s—at Boise Cascade's Rumford mill—has been delayed from 1991 to 1993. Coupled with our U.S. demand outlook, the supply situation could be tight in 1991 and 1992.

Some relief for purchasers will come from north of the border as Canadian coated groundwood capacity increases by over 220,000 tons in the 1990-91 period. Most of this increase will occur in 1990 and is attributable to Repap's new paper machine at New Castle, New Brunswick, which started up in late 1989.

Overseas, coated groundwood capacity is still expected to expand rapidly through 1991-92. Most of this capacity is in Europe and, coupled with a slow-down in demand, is creating an oversupply situation. However, without a substantial strengthening of the U.S. dollar—and given the downward price pressures experienced—the U.S. market is not as attractive as it once was. Moreover, several U.S. producers, through the American Paper Institute, have filed antidumping charges against offshore suppliers for selling product at $20-$30/ton below prevailing prices (the prices being offered are supposedly below costs). Nevertheless, a tightening U.S. supply situation could cause coated groundwood prices to rise and make the U.S. market more attractive to offshore producers. This will be particularly true if operating rates in Europe, as we believe, will be below the 90 percent level for the next few years.

The capacity or supply outlook for coated freesheet is considerably better from a buyer's perspective, and more in line with last year's outlook. Then, the indication was that between 1989 and 1991 some 975,000 tons of capacity would come on line in North America. Current plans call for 945,000 tons, but two of the projects have been delayed—somewhat shifting the capacity increases toward the latter part of the period. The greatest supply increase will occur in 1990.

In addition, and over a similar period, European capacity will jump by almost 1.3 million tons, and about 400,000 tons will become available in the Far East and Australia.

With this kind of planned and, for the most part, committed capacity increases, the world-wide supply picture, if you are a purchaser, probably will remain good in 1992.

The supply/demand balance

For publishers anxious to control costs, the supply:demand ratio is a critical element in determining the pricing environment for purchasing a given grade of paper. If the demand:supply ratio (expressed as operating rate by the industry) is below 90 percent, the pricing environment will favor the publisher. Above 93 percent, the supplier has the upper hand. In between, the pricing situation is fairly well balanced.

The pricing environment through 1991 will be mixed. In coated groundwood, the expected increase in demand will not be accompanied by a supply increase, since much of the planned North American capacity increases are on hold. Therefore, publishers are likely to experience rising prices for coated groundwood paper at least through 1991, and very possibly in 1992. However, the situation in coated freesheet will probably put some limit on the potential price increases. Also, as previously noted, North American coated groundwood producers must consider the possibility of significant offshore tonnage being offered in the United States.

North American coated groundwood capacity increases
Announced capacity additions

YEAR	COMPANY	LOCATION	TONNAGE (short tons)	COMMENTS
	U.S. PRODUCERS			
1989	Blandin Champion	Grand Rapids, MI Bucksport, ME	170,000 40,000	Net - #5 Speed-ups - #5
1993	Boise	Rumford, ME	318,000	New machine
	CANADIAN PRODUCERS			
1989	Repap	New Castle, N.B.	248,000	New machine
	TOTAL COATED GROUNDWOOD EXPANSION		776,000	
	COMPOUND ANNUAL CAPACITY GROWTH 1989-1993		2.8%	

API & Jaakko Poyry Consulting, August 1990

North American coated groundwood capacity 1988 - 1993

	1988		1993		CHANGE	
	TONS (000)	% OF TOTAL	TONS (000)	% OF TOTAL	TONS (000)	% OF TOTAL
TOTAL UNITED STATES (API)	4,347	100.0%	4,860	100.0%	513 **	100.0%
U.S. PRODUCERS						
Blandin	280	6.4%	450	9.3%	170	33.1%
Boise Cascade	240	5.5%	320	6.6%	80 *	15.6%
Bowater	326	7.5%	326	6.7%		
Champion International	657	15.1%	697	14.3%	40	7.8%
Consolidated Papers	580	13.3%	610	12.6%		
Fraser Paper Ltd.	136	3.1%	136	2.8%		
Georgia Pacific North	135	3.1%	135	2.8%		
International Paper	610	14.0%	610	12.6%		
James River	270	6.2%	270	5.6%		
Mead Corporation	330	7.6%	330	6.8%		
Midtec Paper	240	5.5%	240	4.9%		
Niagara of Wisconsin	210	4.8%	210	4.3%		
Pentair Inc. (Niagara)	225	5.2%	225	4.6%		
Weyerhaeuser Paper	178	4.1%	178	3.7%		
Total U.S. Identified	4417	101.6%	4,737	97.5%	290	56.5%
TOTAL CANADA (CPPA)	380	100.0%	665	100.0%	285	100.0%
CANADIAN PRODUCERS						
Provincial Paper	40	10.5%	52	7.8%	12	4.2%
Kruger Inc.	140	36.8%	165	24.8%	25	8.8%
Miramichi Pulp & Paper/Repap	200	52.6%	448	67.4%	248	87.0%
Makin Pulp & Paper Ltd.						
Skeena Cellulose Inc.						
Total Canada Identified	380	100.0%	665	100.0%	285	100.0%

Note: * Not all of additional Boise capacity coming onstream during 1993
** API 1993 capacity assumes incremental increases not identified by company.

For coated freesheet, publishers will find a better pricing environment. Demand grades will be very good, but matched by an ever greater increase in supply. The result is forecast to be an overcapacity situation for the next several years. Operating rates will be below 90 percent at least through 1992. This will create an environment in which suppliers could well have difficulty achieving any meaningful price increases.

For the publisher, the quality situation is also likely to get better in the next few years. New suppliers are likely to strive for very high quality levels in order to secure a market position. It is even possible, if not likely, that publishers may be able to purchase, for example, no. 3 quality coated freesheet at no. 4 price levels.

If coated groundwood producers try to take advantage of the forecast tight supply situation and push prices up considerably, they will be inviting the end-users to switch to coated freesheet grades, which may very well be available at attractive prices. Given the improved print quality of coated freesheet, this might be an opportunity for publishers to upgrade their own quality image. At the very least, it will provide some sort of a check on coated groundwood prices.☐

Arthur C. Veverka is president of Jaakko Poyry Consulting, the Briarcliff Manor, New York-based subsidiary of an international consulting and engineering firm specializing in forest products, printing and print media.

FOLIO'S: 1990

Circulation salary survey

The news: Women dominate in numbers, but trail in compensation; and circulation directors benefit more than managers from incentives

BY ROBERT M. STEED

This survey, FOLIO:'s sixth annual look at the pay of circulation professionals, provides the complete rundown on salary and total compensation for both top circulation executives (directors) and the second level of circulation management (managers), broken down by key factors affecting compensation—such as the demographics of the respondents and the size and nature of their publications.

In many respects, the demographic profiles of both groups of respondents are similar. About 43 percent of each group is from the Northeast; 66 percent of directors and 60 percent of managers work on more than one magazine; and 62 percent of directors and 69 percent of managers are under 40.

Even when the numbers are further apart, the similarities are strong. These circulation professionals are predominantly female: 64 percent of the directors and 78 percent of the managers are women. Further, 71 percent of the directors and 87 percent of the managers have been in the circulation field less than 10 years.

Despite the demographic similarities, however, directors earn substantially more than managers. Their average salary is 50 percent higher; and the average total compensation for those who receive both salary and bonus is 84 percent higher.

Among the other key findings in this survey are the following:

- Directors and managers on business magazines average higher salaries than those on consumer publications in virtually every breakdown by circulation size. Yet because of the large number of respondents from large circulation consumer publications, the overall average salary is much higher for directors and managers on consumer magazines.
- Women earn substantially less than men, with salaries averaging only 75 to 80 percent of men's and total compensation averaging only 71 to 74 percent.
- The Northeast is the highest paying region for directors by a wide margin. Managers in the Northeast earn higher salaries than those in other regions; but those in the West take the lead on a total compensation basis.
- Circulation size provides the most direct, consistent correlation with pay. Compensation moves steadily higher as circulation grows, and then takes a substantial leap on magazines with circulations of 500,000 or more.

Circulation directors

The overall average salary of circulation directors is $44,771. This jumps to $62,387 in total compensation for those who receive both salary and bonus. Directors on consumer magazines average $6,500 more in salary and $15,850 more in total compensation than their business magazine counterparts. However, this is almost entirely accounted for by the high pay of the large number of respondents in this sample from consumer publications with over 500,000 in circulation.

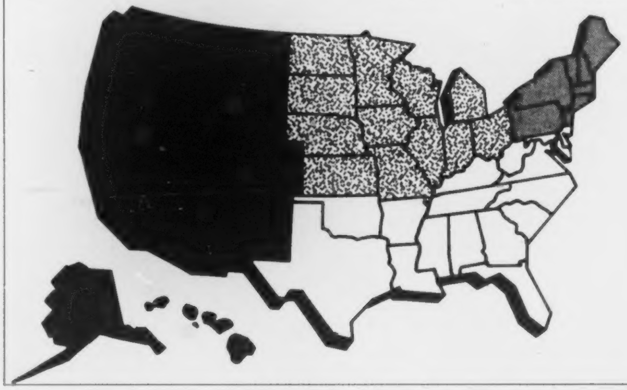
Directors in the Northeast earn almost 50 percent more in salary than those in any other region of the country. Those in the South barely nose out directors in the North central and Western regions for

• In summary •

- **Circulation directors average 50 percent more** in salaries than circulation managers. Bonuses are much higher for them as well, making their average total compensation 84 percent greater than that of managers.
- **The average salaries of directors and managers** on business publications are higher than their consumer counterparts in virtually all breakdowns by circulation size.
- **There is a direct correlation between the circulation size** of the magazine and both salary and total compensation for both circulation directors and managers.
- **While the great majority of circulation professionals** who responded to this survey are female, their salaries are only 75 to 80 percent of men's, and their total compensation trails even further behind.

The regions have been divided as follows:

■ Western ■ Northeast ☐ South ▨ North central



the dubious honor of being last. The South falls even further behind when bonuses are factored in—directors there earn $36,000 less than their counterparts in the Northeast.

The compensation of women substantially trails that of men. Women's salaries average 75 percent of men's, and their total compensation averages 74 percent. Moreover, 56 percent of the male directors are eligible for a bonus, while only 37 percent of the women directors are.

Both experience and age bear a close correlation to salary—up to a point. Salary and total compensation move steadily and strongly upward in each of the cohorts of directors in their twenties, thirties and forties. But they drop for directors who are 50 and up—the second lowest paid age group of directors. Similarly, compensation increases sharply as experience rises from up to three, four to 10, and 11 to 20 years. However, directors with over 20 years' experience average only slightly higher salaries (and lower total compensation) than those in the preceding group.

Size of the magazine and scope of the job are clear determinants of pay. For example:

- The salary of directors who supervise more than 10 people averages 2.6 times as much as those who supervise no one; and total compensation is over three times as high.
- Directors who are responsible for more than one magazine earn about 15 percent more, in both salary and total compensation, than those who work on just one magazine.
- The clearest correlation is to circulation size. Salary grows steadily larger from $29,746 for those on magazines with less than 20,000 in circulation to $49,284 for those on magazines with circulations of 100,000 to 500,000. It then takes a sharp jump to $78,895 for those on magazines with circulations over 500,000 (and, as noted earlier, most of those are consumer publications). Total compensation shows a very similar pattern—although the relationships are not as smooth.

Frequency and circulation type give indications of different compensation patterns between business and consumer publications. Average salary for directors on weeklies and

Methodology

Three hundred seventy-nine of the 973 circulation professionals who received questionnaires responded to FOLIO:'s sixth annual circulation salary survey, resulting in an overall response rate of 39 percent. Of the total responses, 352 (36 percent) contained sufficient information to be used for tabulation. The survey was conducted through two mailing efforts in June. Participants were asked to supply data reflecting 1990 earnings; if exact figures were unavailable, they were requested to estimate.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation. For example, if a circulation director indicated that his or her annual bonus would be between $6,000 and $8,000, the arithmetic mean of $7,000 was used as that respondent's expected bonus for the year.

Fifty-four percent of the mailing was sent to circulation directors and 46 percent to circulation managers. The response rate from directors was substantially higher (40 percent versus 30 percent). About 53 percent of the sample was drawn from business publications, with the balance from consumer publications. Last, about two-thirds of the sample in each category was drawn from magazines with circulations under 100,000, while one-third came from magazines with circulations over 100,000.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire, and respondents were asked to choose the description that most accurately reflected their duties.

biweeklies is $5,200 (11 percent) higher than for those on monthlies. But the difference is almost entirely accounted for by directors on consumer publications; those on business magazines earn virtually identical salaries. Directors on paid circulation business magazines earn salaries that are $4,200 (10 percent) more than salaries for those on nonpaid business magazines; the differential is $12,500 (33 percent) for those on consumer magazines.

> **"With all the doom and gloom in the trades these days, younger people don't see any future in business publishing. Keeping good people is hard."**
>
> **—Circulation director in the Northeast, earning more than $100,000 in salary and bonus.**

[redacted]

Circulation managers

As noted earlier, pay levels for managers are sharply lower than for directors. Their salary averages 66 percent that of directors, and their total compensation averages 54 percent. Moreover, while the compensation patterns evident among directors are generally repeated among managers, the differences in pay based on demographic or size factors are generally not as sizable.

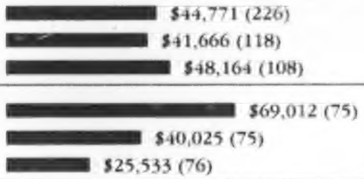
The average salary of circulation managers is $29,665. Circulation managers on consumer magazines outpace their business magazine counterparts by almost $5,000 (17 percent); but this is almost totally the result of pay levels of managers on consumer publications with over 500,000 in circulation.

Regional differences are much less pronounced among managers. The Northeast leads in salary by only $1,600 over the West, but the West leads by $5,000 when bonuses are factored in. The North central region is the lowest paying in salary. But the South takes over the cellar in total compensation (and, interestingly, average total compensation in the South is *lower* than average salary in

Circulation director

Circulation director, or top circulation executive: Plans, directs and coordinates circulation marketing efforts. Directly responsible for budgeting and analyses of single-copy and all subscription programs, list rentals, and database planning and maintenance.

Average salaries (The number of respondents is in parentheses.)



	Average salaries	% increase from '89 to '90
All respondents	$44,771 (226)	10.9%
Business	$41,666 (118)	10.6
Consumer	$48,164 (108)	11.3
Top one-third	$69,012 (75)	
Middle one-third	$40,025 (75)	
Bottom one-third	$25,533 (76)	

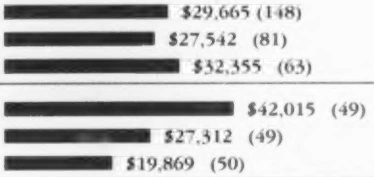
	Average	Average business	Average consumer
By region:			
Northeast	$54,332 (98)	$50,093 (51)	$58,931 (47)
South	36,185 (42)	37,026 (19)	35,491 (23)
North central	37,727 (45)	35,312 (33)	44,368 (12)
Western	38,907 (40)	33,790 (14)	41,662 (26)
By sex:			
Male	$53,566 (80)	$52,732 (37)	$54,283 (43)
Female	40,014 (144)	36,611 (81)	44,389 (63)
By age:			
29 or less	$34,056 (54)	$33,500 (28)	$34,654 (26)
30-39	46,283 (87)	42,803 (34)	48,515 (53)
40-49	54,134 (46)	48,327 (28)	63,167 (18)
50 or more	44,122 (37)	41,791 (28)	51,375 (9)
By years in circulation:			
Up to 3	$31,456 (51)	$30,393 (29)	$32,856 (22)
4-10	44,042 (109)	39,430 (49)	47,808 (60)
11-20	56,015 (45)	53,931 (24)	58,397 (21)
More than 20	59,200 (19)	52,914 (14)	76,800 (5)
Eligible for bonus/incentive:			
Yes	$52,269 (107)	$47,071 (55)	$57,768 (52)
No	38,029 (119)	36,948 (63)	39,246 (56)
By employees supervised:			
None	$26,745 (22)	$26,227 (11)	$27,264 (11)
One	39,095 (43)	39,076 (17)	39,108 (26)
2-5	39,983 (95)	36,581 (53)	44,276 (42)
6-10	51,477 (29)	49,681 (16)	53,687 (13)
More than 10	70,210 (36)	58,576 (21)	86,497 (15)
Responsible for:			
One magazine	$40,524 (77)	$33,020 (32)	$45,859 (45)
More than one	46,945 (148)	44,883 (86)	49,806 (62)
By circulation:†			
Up to 19,999	$29,746 (26)	$30,195 (20)	$28,250 (6)
20,000-49,999	33,326 (55)	35,377 (39)	28,325 (16)
50,000-99,999	39,853 (49)	44,317 (29)	33,381 (20)
100,000-499,999	49,284 (64)	51,376 (26)	47,852 (38)
500,000 or more	78,895 (29)	78,000 (4)	79,038 (25)
By frequency:†			
Weekly/biweekly	$50,745 (38)	$43,260 (25)	$65,140 (13)
Monthly	45,561 (149)	42,797 (77)	48,517 (72)
Other	35,932 (39)	33,734 (16)	37,461 (23)
By circulation type:†			
Paid	$48,016 (138)	$44,668 (41)	$49,431 (97)
Nonpaid	39,965 (85)	40,408 (74)	36,985 (11)

†Refers to the largest circulation magazine on which respondent works.

Circulation manager

Circulation manager: Generally the second level of management in the circulation department. Administers circulation programs for subscriptions and single-copy sales. Handles all facets of circulation for one or more titles.

Average salaries (The number of respondents is in parentheses.)



		% increase from '89 to '90
All respondents	$29,665 (148)	14.1%
Business	$27,542 (81)	16.8
Consumer	$32,355 (63)	11.8
Top one-third	$42,015 (49)	
Middle one-third	$27,312 (49)	
Bottom one-third	$19,869 (50)	

	Average	Average business	Average consumer
By region:			
Northeast	$32,304 (62)	$29,657 (34)	$35,500 (27)
South	27,569 (26)	28,766 (16)	25,655 (10)
North central	25,663 (32)	24,716 (20)	27,242 (12)
Western	30,727 (27)	24,363 (11)	36,646 (13)
By sex:			
Male	$35,291 (33)	$32,062 (18)	$39,167 (15)
Female	28,051 (115)	26,250 (63)	30,226 (48)
By age:			
29 or less	$25,610 (61)	$22,912 (31)	$28,282 (28)
30-39	35,075 (41)	29,946 (21)	41,556 (18)
40-49	31,298 (30)	31,416 (18)	31,121 (12)
50 or more	28,203 (16)	29,659 (11)	25,000 (5)
By years in circulation:			
Up to 3	$24,190 (59)	$23,197 (37)	$25,948 (21)
4-10	33,857 (70)	30,789 (32)	36,737 (36)
11-20	32,486 (13)	34,202 (7)	29,580 (5)
More than 20	28,489 (6)	29,587 (5)	23,000 (1)
Eligible for bonus/incentive:			
Yes	$29,965 (57)	$24,340 (27)	$35,408 (29)
No	29,477 (91)	29,143 (54)	29,750 (34)
By employees supervised:			
None	$26,369 (54)	$24,077 (27)	$28,504 (25)
One	27,730 (25)	25,857 (15)	31,267 (9)
2-5	32,791 (56)	29,791 (29)	36,013 (26)
More than 5	33,617 (13)	32,902 (10)	36,000 (3)
Responsible for:			
One magazine	$27,510 (59)	$24,483 (27)	$30,028 (30)
More than one	31,094 (89)	29,071 (54)	34,470 (33)
By circulation:†			
Up to 19,999	$23,808 (22)	$23,373 (19)	$22,352 (2)
20,000-49,999	26,835 (40)	27,104 (28)	25,450 (10)
50,000-99,999	29,854 (39)	29,234 (25)	31,327 (13)
100,000-499,999	32,789 (33)	33,006 (9)	32,708 (24)
500,000 or more	43,409 (11)	0 (0)	43,409 (11)
By frequency:†			
Weekly/biweekly	$32,394 (28)	$30,213 (18)	$36,320 (10)
Monthly	28,829 (91)	26,441 (48)	31,481 (40)
Other	29,821 (28)	28,061 (14)	31,992 (13)
By circulation type:†			
Paid	$31,335 (89)	$28,541 (29)	$32,756 (58)
Nonpaid	27,240 (57)	27,023 (51)	27,700 (5)

†Refers to the largest circulation magazine on which respondent works.

the South—indicating that fairly low bonuses were paid to people at the lower end of the salary scale).

Women dominate this group—but, as with directors, their pay lags far behind men's. Women's salaries average 79.5 percent of men's, and when bonuses are considered, the gap widens to 71 percent.

By age, the highest paid group—in both salary and total compensation—is the 30- to 39-year-olds. This is paralleled in the breakdown by experience, where the highest paid group has four to 10 years in the business. These results are caused by relatively higher compensation paid to managers on consumer magazines in these two groups. Also, as with directors, managers who are over 50 and have more than 20 years' experience, have *lower* average salaries than all but the very youngest and least experienced groups.

"Direct mail will become too expensive with the new postage increase."

—Circulation manager in the Midwest, working on a consumer monthly with circulation of roughly 100,000, earning salary alone in the high twenties.

Magazine size and job scope have less of an impact among managers than they do among directors. For example:

- Managers who supervise one person, or no one, earn virtually identical salaries; so do those who supervise departments of two to five versus those with more than five subordinates. And the difference between the lowest and highest paid groupings is only about $7,200.
- Working on more than one publication still pays off—but only by about $3,500 (13 percent). And when bonuses are considered, the difference drops to $2,300 (7 percent).
- Salary marches steadily up in $3,000 increments, from $23,808 for managers on magazines with less than 20,000 in circulation to $32,789 for those where circulation is between 100,000 and 500,000. It then jumps over $10,500, to $43,409, for those on magazines with circulations

Average annual total compensation*

	Circulation director	Circulation manager
Receive bonus/incentive:		
Yes	$62,387 (99)	$33,898 (45)
No	38,029 (119)	29,477 (91)
By magazine type:		
Consumer	$70,390 (49)	$40,870 (22)
Business	54,543 (50)	27,240 (22)
By region:		
Northeast	$77,615 (48)	$35,450 (21)
South	41,718 (19)	24,688 (8)
North central	49,301 (19)	32,466 (8)
Western	58,442 (12)	40,468 (8)
By sex:		
Male	$72,674 (45)	$43,364 (11)
Female	53,814 (54)	30,836 (34)
By age:		
29 or less	$43,539 (23)	$29,516 (22)
30-39	65,620 (39)	40,943 (18)
40-49	80,323 (20)	27,817 (5)
50 or more	57,048 (15)	0 (0)
By years in circulation:		
Up to 3	$46,225 (22)	$27,813 (20)
4-10	59,132 (46)	40,142 (22)
11-20	82,507 (20)	25,900 (1)
More than 20	71,736 (11)	30,068 (2)
By employees supervised:		
None	$28,500 (3)	$30,844 (15)
One	44,650 (16)	26,400 (5)
2-5	48,418 (38)	37,030 (21)
6-10	67,796 (15)	40,233 (3)
More than 10	95,656 (26)	32,416 (1)
Responsible for:		
One magazine	$56,940 (34)	$32,465 (17)
More than one	65,235 (65)	34,768 (28)
By circulation:†		
Up to 19,999	$36,138 (12)	$25,845 (2)
20,000-49,999	36,256 (16)	24,189 (13)
50,000-99,999	55,499 (17)	34,397 (13)
100,000-499,999	60,853 (30)	38,328 (11)
500,000 or more	102,455 (23)	50,900 (5)
By frequency:†		
Weekly/biweekly	$66,341 (24)	$37,330 (9)
Monthly	62,895 (66)	32,555 (28)
Other	48,111 (9)	36,002 (7)
By circulation type:†		
Paid	$69,413 (61)	$37,418 (29)
Nonpaid	51,665 (37)	27,553 (15)

*The number of respondents is in parentheses; includes only individuals who reported receiving both salary and bonus.

†Refers to the largest circulation magazine on which respondent works.

Average annual bonus/incentive*

	Circulation director	Circulation manager
Average bonus/incentive:	$ 8,173 (99)	$ 2,200 (45)
By magazine type:		
Consumer	$10,899 (49)	$ 2,597 (22)
Business	5,501 (50)	1,766 (22)
By region:		
Northeast	$11,511 (48)	$ 2,018 (21)
South	4,550 (19)	1,163 (8)
North central	3,958 (19)	3,101 (8)
Western	7,900 (12)	2,813 (8)
By sex:		
Male	$ 9,573 (45)	$ 3,500 (11)
Female	7,006 (54)	1,779 (34)
By age:		
29 or less	$ 3,952 (23)	$ 1,769 (22)
30-39	8,741 (39)	2,801 (18)
40-49	14,025 (20)	1,930 (5)
50 or more	4,887 (15)	0 (0)
By years in circulation:		
Up to 3	$ 7,798 (22)	$ 1,676 (20)
4-10	7,211 (46)	2,607 (22)
11-20	11,018 (20)	900 (1)
More than 20	7,773 (11)	3,600 (2)
By employees supervised:		
None	$ 833 (3)	$ 1,761 (15)
One	3,675 (16)	3,200 (5)
2-5	4,628 (38)	1,884 (21)
6-10	8,363 (15)	3,667 (3)
More than 10	17,077 (26)	6,000 (1)
Responsible for:		
One magazine	$ 8,199 (34)	$ 1,392 (17)
More than one	8,159 (65)	2,690 (28)
By circulation:†		
Up to 19,999	$ 3,479 (12)	$ 575 (2)
20,000-49,999	2,038 (16)	1,669 (13)
50,000-99,999	6,397 (17)	2,155 (13)
100,000-499,999	6,783 (30)	2,510 (11)
500,000 or more	18,283 (23)	3,900 (5)
By frequency:†		
Weekly/biweekly	$12,998 (24)	$ 2,306 (9)
Monthly	7,010 (66)	1,901 (28)
Other	3,833 (9)	3,443 (7)
By circulation type:†		
Paid	$10,282 (61)	$ 2,289 (29)
Nonpaid	4,903 (37)	1,973 (15)

*The number of respondents is in parentheses; includes only individuals who reported receiving both salary and bonus.

†Refers to the largest circulation magazine on which respondent works.

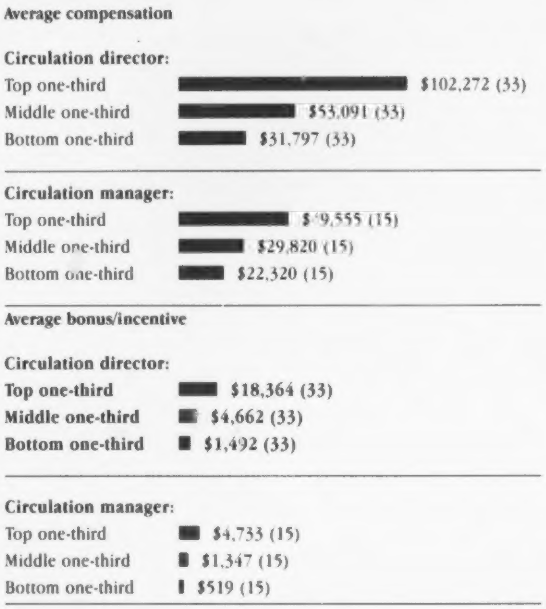
over 500,000. Total compensation shows a similar, though more erratic, pattern. But the largest magazines pay managers only about double what the smallest do; whereas among directors, the differential is close to three times.

Managers on weeklies and biweeklies earn more than those on monthlies, by about $3,500 (12 percent). Those on paid circulation magazines earn salaries about $4,000 (15 percent) more than those on nonpaid magazines; that differential jumps to about $10,000 (36 percent) on a total compensation basis.

> **"The 'head' of a circ exec isn't large enough to wear all the necessary hats to get the job done."**
>
> **—Circulation director in the Midwest, with more than 30 years' experience, earning salary and bonus in the high sixties.**

[redacted]

Range of average total compensation and bonus/incentive*



*Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.

Bonus/incentive compensation

Many of the differences in the pay of directors and managers can be accounted for by the various demographic and size breakdowns indicated in the accompanying charts. Other differences, of course, are a function of the pay philosophy of different publishers, profitability, and similar factors that aren't directly measured by this survey. However, some clues can be found in the data on bonus/incentive compensation, especially as they relate to differences in the overall pay of directors versus overall pay of managers.

Forty-seven percent of directors are eligible for a bonus, and their salary is over $14,000 (37 percent) higher than the salary of directors who get no bonus. No wonder the total compensation of directors who receive a bonus averages $62,387—$24,000 (64 percent) more than their counterparts who get no bonus.

On the other hand, 38.5 percent of managers are eligible for a bonus, but their salary is virtually the same as those who are not eligible. (Interestingly, the salary of managers who are not eligible for a bonus is the same on business and consumer magazines, but the salary of those who are eligible is $11,000 higher on consumer publications than on business ones.) Again, it's no wonder that managers who receive a bonus average only $4,400 (15 percent) more than those who don't.

Another indication of differences in pay philosophy can be found in the relationship between the highs and lows of pay. The top one-third of directors receive $69,012 in salary and $102,272 in total compensation; the lowest paid one-third earn $25,533 and $31,797, respectively. The difference between the top and bottom salary is 2.7 times; and the difference is 3.2 times on a total compensation base.

Contrast this with managers, where the top one-third earn salaries of $42,015 and total compensation of $49,555; and the bottom one-third earn $19,869 and $22,320, respectively. The differences between the top and bottom are only 2.1 times on salary and 2.2 times on total compensation.

These data all hint that true incentive compensation—where substantial rewards are paid for achieving substantial results—is a factor in the pay system of many circulation directors—and few managers. Perhaps, as time goes on and the industry continues to seek ways to improve profitability, these kinds of incentive systems will become more prevalent among both levels of circulation professionals.☐

Robert M. Steed is managing director of Performance Plus... Inc., a New York-based consulting firm. Before cofounding Performance Plus, he was vice president and director of personnel of Time Inc.

Twenty-five Dollars

C4325-1

Folio:
SOURCE BOOK
1991

The comprehensive source of suppliers that specialize in serving the publishing industry.

Special tabbed editorial sections containing essential reference material for management, production and circulation executives.

EASY REFERENCE!

Supplier categories are listed in alphabetical order. Use the handy index right here on the cover

or

Find specific suppliers fast with the Quick Locator that starts on page 171.

Index

11 Ad Tracking
11 Advertising Agencies/Editorial Supplements
11 Advertising Agencies: Direct Mail and Promotion Specialists
12 Advertising Media: Direct Response Card Decks
14 Advertising Systems: Computerized In-House
14 Advertising Systems: Computerized On-Line/Remote
14 Air Freight National & International
14 Art & Design
16 Auditing Services

17 Bind-In Order Forms
17 Binding Services & Materials

17 Collection Services
17 Color Proofing Systems
17 Color Separations
25 Computer Data Processing Services
27 Computer Modeling
28 Consultants: Circulation
28 Consultants: Computer
28 Consultants: Management, Marketing and Editorial
31 Consultants: Production
31 Contracted Services
33 Credit Services

33 Data Entry/Data Conversion
33 Desktop Publishing: Software/Composition Systems
33 Desktop Publishing: Software/Display Ad Make-Up
33 Desktop Publishing: Software/Graphics/Graphic Processing
33 Desktop Publishing: Software/Page Make-Up
34 Desktop Publishing: Software/Text Processing
34 Desktop Publishing: Service Bureaus/Imaging Centers
34 Direct Mail Consultants, Agencies & Promotion Services
35 Direct Mail Lettershops & Suppliers
36 Directories: Specialized Services
37 Distribution: Alternate Sources
37 Distribution: Canadian Mail & Distribution Services
37 Distribution: International
40 Distribution: National

42 Editorial Services
42 Electronic Editing Systems & Pagination
44 Electronic Publishing/Pre-Press
44 Envelope Manufacturers
46 Executive Search & Recruitment

46 Financing
47 Freelance Writers
47 Fulfillment: Circulation
58 Fulfillment: Computerized In-House Circulation Systems
61 Fulfillment: Computerized On-Line/Remote Systems & Services
61 Fulfillment: Reader Service

62 Interactive Advertising

62 Laminators
64 Laser Printing
64 List Brokers
68 List Compilers
69 List Enhancement
69 List Maintenance
70 List Managers
78 List Owners
84 List Protection & Monitoring Services
84 List and File Maintenance Systems and Software

84 Mailing Lists
86 Management Systems: Computerized In-House
87 Media Kits/Rate Cards/Advertising Promotions
87 Mergers & Acquisitions Specialists
88 Microcomputer Publishing Systems or Software: Circulation
88 Microcomputer Publishing Systems or Software: Management, Marketing and Editorial
88 Microcomputer Publishing Systems or Software: Production

89 Organizations and Associations

91 Paper Manufacturers: Coated Stock
94 Paper Manufacturers: Supercalendered
95 Paper Manufacturers: Uncoated Stock
96 Paper Merchants
100 Personnel Agencies
100 Photo Houses: Stock
100 Plastic Wrapping/Bagging/Poly-Wrapping
101 Pre-Press Production Services
103 Printers (Manufacturers): Books
105 Printers: Commercial & Direct Mail
113 Printers: Direct Response Post Cards
114 Printers: Ink Jet
118 Printers: Inserts
119 Printers: Publication
150 Printers: Subscription & Reader Service Cards
150 Publishers' Representatives

155 Reprint Services
155 Research Companies

157 Subscription Agencies

158 Telephone Look-Up Services
158 Telephone Marketing Services: Inbound
159 Telephone Marketing Services: Outbound
162 Training
162 Translation Services
162 Typesetting Equipment & Systems
162 Typographers/Typesetting Services

Canadian Resources

165 Advertising Agencies: Direct Mail and Promotion Specialists

165 Consultants

165 Direct Mail Consultants, Agencies and Promotion Services
165 Direct Mail Lettershops and Suppliers
166 Distribution: Canadian Mail and Distribution Services
167 Distribution: International

167 Editorial Services

167 Fulfillment: Circulation

168 International Remail

168 List Compilers

168 Mailing Lists
168 Management Systems: Computerized In-House
168 Microcomputer Publishing Systems or Software: Circulation

169 Paper Merchants
169 Printers: Commercial and Direct Mail
169 Printers: Direct Response Post Cards
169 Printers: Publication
170 Printers: Subscription and Reader Service Cards

170 Research Companies

170 Telephone Marketing Services: Inbound
170 Telephone Marketing Services: Outbound
170 Transportation/Break-Up

Editor's page

The year ahead promises to be a challenging one for publishing professionals: hikes in second-class postal rates; increasing fragmentation of the magazine marketplace; technological innovations in pre-press, printing and binding that alter the traditional ways that magazines have been produced and mailed; corporate mergers/aquisitions and restructurings that shift financial balance and market share—all compounded by what industry analysts see as a sluggish economic climate, at least through 1991.

To remain competitive, magazine professionals will have to keep up with the rapidly changing publishing environment. And that's why we have made a real effort this year to make the 1991 FOLIO: Sourcebook more of a hands-on resource than ever before. In addition to a comprehensive listing of suppliers in every area of publishing—from computerized in-house management systems to alternate distribution services to pre-press data transmission—we have included relevant information that will help you improve the day-to-day operation of your magazine.

For example, the Production Section contains pertinent articles on how to evaluate printers to select the one best suited to your publication's needs, ways to save money by auditing your printer's invoices, and guidelines from publishing pros who have made the transition to electronic publishing systems. There are also analyses of paper trends in demand, availability and pricing; examples of publishers who have changed their paper stock recently—and why—and projected consumption of coated and uncoated paper grades through the 1990s.

In the Circulation Section, there is an exhaustive analysis of circulation figures for more than 100 consumer magazines, combined with predictions for circulation strategies in the decade ahead. There is also advice from circulation experts on ways to find new magazine subscribers, strategies to boost mailing list response, tactics to give you the upper hand in list rental negotiation, ways to lift sagging direct mail rates cost-effectively with telemarketing, and a look at the exciting technological developments that are revolutionizing the fulfillment end of the business. An examination of the upcoming postal rate case—with detailed analyses of its impact on second-class mailing rates—is also included.

As a further helpful reference, the Industry Resources Section features a directory of magazine awards competitions that you can enter in 1991, a list of magazine launches last year—both business and consumer—and a complete editorial index to all articles published in FOLIO: and Publishing News in the past 18 months. Moreover, there are ad page totals and advertising revenue figures for the front-running magazines in each category, a five-year examination of across-the-board increases or decreases in ad page counts and revenue, and an advertising cost comparison of the top 50 revenue leaders.

In addition, each section contains in-depth salary surveys, which reflect trends in every publishing department—editorial, ad sales, circulation and production—to let you know where you and your magazine stand in relation to your publishing peers throughout the country.

In short, we have tried to put a wealth of relevant decision-making information at your fingertips—a timely compendium of suppliers specializing in every facet of publishing, and an editorial workbook of articles that will assist you in making your magazine run more smoothly and more profitably.

We hope you will reach for the FOLIO: Sourcebook often and that you will find it to be a valuable resource in handling the publishing challenges facing you in the coming year.

Lynn Hayes Bromfield

Lynn Hayes Bromfield
Editor

Editorial Table of contents

Production

Production salary survey 189

What impact have the recent technological changes in magazine production had on the salaries—and the job responsibilities—of production directors and managers? Find out by analyzing the results of FOLIO:'s annual production salary survey.

How to find the perfect printer 196
Evaluate the suitability of a printer's equipment for your particular job, and discover why one printer is a better match for your specific requirements than another. In addition, take a refresher course in web press capabilities.

Finding savings in your printer's invoice 200
All publishing professionals want to discover ways to save money in printing their magazines. Learn how a thorough and knowledgeable audit of your printer's invoice can lead to cost savings that don't compromise the quality of your magazine.

Experts predict paper trends 207
Even though most paper buyers and vendors expect stable paper prices to hold at least into 1991, there are other factors that affect the need:availability equation. Key experts offer their opinions on what will determine paper pricing and consumption in the decade ahead.

Coated paper outlook 211
Fluctuations in paper supply and price have a significant impact on a magazine's strategic planning. This analysis of the coated groundwood and free sheet supply/demand situation can serve as a guide to publishers in planning their paper needs for the coming year.

Uncoated paper outlook 219
Although coated papers are much more widely used by magazine publishers, uncoated paper grades will play a larger role in the future. Find out how continuing improvements in supercalendered papers will make it possible for some magazines to lower costs without sacrificing quality.

Evaluating your paper choices 225
A number of publications have made changes in their paper stock recently, and many more are considering doing so in the future. Discover what the reasoning is behind their decisions to change paper, and what effect the switch has had on their magazines.

Projected magazine paper demand 231
Compare projected growth rates for coated and uncoated paper grades through the 1990s and examine the effect that the increased availability of SC grades from U.S. and Canadian mills will have on respective market share positions in coming years.

Going electronic: Who controls the buying decision? 233
If you're considering buying an electronic publishing system, the advice of veterans who have made the transition can help you avoid some of the pitfalls they experienced—before you invest in costly hardware and software that doesn't fit your magazine's particular needs.

Circulation

Circulation salary survey 239

Get the rundown on salaries of circulation directors and managers in FOLIO:'s circulation salary survey, broken down by crucial factors that have a bearing on total compensation, such as the respondents' demographics and the size and nature of their publications.

Circulation wrap-up 247
This in-depth analysis of ABC-audited consumer magazines points to circulation trends in subscription and newsstand sales and highlights gainers/losers in circulation totals. Trends in cover price and rate base claims are also examined.

What's behind the newsstand dive? 259
The last few years have been tough on newsstand sales for the 400 or so magazines monitored by the Audit Bureau of Circulations. Find out why single copy sales have declined, and compare newsstand sales by magazine classification.

Publishers' billing series need improvements 262
Lack of innovation in billing packages can cause poor pay-up. Yet, many publishers neglect the look, wording and frequency of their billing mail, according to this survey. See why incorporating even a few simple improvements can have dramatic results.

Folio:
SOURCE BOOK
1991

Original ways to find new subscribers 263
New subscribers are hard to find. And traditional promotion efforts are becoming less responsive. Understand how using your imagination can pay off not only in greater numbers of new subscriptions but also in higher renewal rates from well-targeted sources of readers.

A primer on mailing lists 267
In this broad overview, some basic observations about lists are examined. Guidelines are also offered on ways to use lists more effectively to maximize the profitability of your magazine, along with tips for smarter list selection and testing.

List rental negotiation is on the rise 272
Leaders in the list rental industry share timely ideas on how publishers can make sure they are getting the best deal when renting their subscriber list, and suggest some negotiating tactics that will give them the edge when renting lists themselves.

Telemarketing's larger role in circulation 276
Once used as a last-ditch effort to hold onto a subscriber, telemarketing today is playing an increasingly important part in publishers' renewal strategies. Explore new methods of using telemarketing effectively, both in terms of response rates and cost-per-order.

What's on the fulfillment horizon? 280
The way that information on subscribers is collected, managed and marketed has a definite impact on your magazine's bottom line. Discover why the growing sophistication in database manipulation is revolutionizing the fulfillment end of magazine publishing.

Who gets hurt the most by the new postal rates? 295
The real story is not the rate increase, but how publishers plan to counter the hikes in postage by changing the way they do business. Gain valuable insight into what some magazine publishers are doing to soften the most recent blow by the U.S. Postal Service.

An inside look at postal rate making 306
Who are the players in shaping new postal rates? And how does the procedure really work? Find out in this examination of postal rate making—the opposing factions, the negotiating process and the bureaucratic complications that result in the rates you will have to pay.

Industry Resources

Editorial salary survey 313

Although individual talent is the most important determinant of editorial salary, other factors—ones that can be measured—also contribute to pay levels. See how your magazine compares with other publications throughout the country in FOLIO:'s yearly editorial salary survey.

Ad sales compensation survey 322
This annual survey of the salaries and bonuses of advertising sales professionals yields some conclusions about the overall compensation picture, as well as specifics that significantly influence the total pay levels of ad directors, managers and sales people.

Ad page/ad revenue picture 334
The leaders in advertising pages and revenue, along with five-year analyses of increases/decreases in ad pages and dollars, reveal the relative health of consumer magazines in general, while a look at ad revenue by class totals shows which ad classifications have been experiencing the most dramatic revenue swings.

New magazines: 1989 337
Both existing publishing companies and entrepreneurs launched a wide variety of magazines in 1989—both business and consumer. FOLIO: showcases this diverse group of start-ups and describes each publication's target audience and circulation.

Directory of magazine awards 346
Recognition by your peers is perhaps the greatest honor for any dedicated publishing professional. Find out which competitions your magazine is eligible to enter and what awards are given to the winners in each contest.

Editorial index 353
If you've ever wondered if FOLIO: has recently published an article on, say, international publishing, designing logos or bringing fulfillment in-house, this 18-month editorial index—covering FOLIO: and Publishing News—will make locating whatever information you need as simple as possible.

Projected magazine paper demand

Magazine demand for paper by grades

(000 short tons)

	Total	Total Coated	Nos. 1&2	No.3	No.4	No.5	Unc. Gwd.	SC Gwd.	Other
1978	2,442	2,005	15	55	298	1,637	317	30	287
1979	2,407	1,931	11	70	323	1,527	382	52	330
1980	2,459	2,010	9	55	345	1,601	369	59	310
1981	2,525	1,990	12	62	341	1,575	390	70	320
1982	2,515	2,041	12	63	348	1,618	365	80	285
1983	2,925	2,373	13	81	380	1,898	447	139	308
1984	3,223	2,593	13	93	403	2,083	527	190	337
1985	3,028	2,511	8	90	361	1,981	526	200	326
1986	3,098	2,678	11	116	415	2,000	525	199	326
1987	3,348	2,723	21	119	520	2,070	561	228	333
1988	3,494	2,797	12	126	553	2,138	620	277	343
1989	3,559	2,960	8	131	554	2,164	629	284	345
1990	3,646	3,036	9	133	566	2,198	624	280	344
1991	3,818	3,011	10	140	599	2,298	654	305	349
1992	3,964	3,079	12	145	625	2,378	682	327	355
1993	4,095	3,147	11	153	648	2,450	707	348	359
1994	4,226	3,263	12	158	672	2,522	732	368	364
1995	4,351	3,309	13	163	695	2,591	756	388	368
1996	4,491	3,570	14	169	720	2,667	782	409	373
1997	4,620	3,671	14	175	743	2,739	806	429	377
1998	4,758	3,778	15	181	768	2,814	832	450	382

Over the decade ahead, growth rates for higher quality coated grades used in magazines—Nos. 3 and 4—will exceed that of No. 5 grades. It is projected that No. 3 will increase 3.7 percent annually, No. 4 will rise by 3.3 percent, and No. 5 by 2.8 percent. Supercalendered use by magazines will grow 5.0 percent annually during the same period. Coated No. 3 will show an increase in market share from 3.6 percent in 1990 to 3.8 percent in 1998; No. 4 will go from a 15.5 percent market share to 16.1 percent; and No. 5 will drop slightly from a 60.3 percent market share to 59.1 percent. Coated papers overall will decrease market share from 83.3 percent in 1990 to 79.4 percent in 1998. The increased availability of SC grades from both U.S. and Canadian mills should result in SC increasing its market share from 7.7 percent in 1990 to approximately 9.5 percent in 1998.

Source: Forecaster Printing/Writing Papers—1989-1998, Miller Freeman Publications Inc.

Consumption of paper grades in magazines

Percent of total demand

	Uncoated Groundwood*	Coated Paper	Uncoated Free Sheet	News-print
1972	13.2%	82.8%	0.6%	3.5%
1977	15.3	80.7	0.3	3.9
1982	14.5	82.0	0.2	3.2
1987	16.8	80.0	1.6	1.9
1992	17.2	79.7	1.3	1.8
1997	17.5	79.5	1.7	1.4

* Mainly SC grades

While coated papers are expected to show a slight loss in market share, and newsprint will also lose share, uncoated groundwood—mainly SC papers—should experience an increase in market share by the end of the decade, mainly at the expense of machine-finished grades.

Source: Forecaster Printing/Writing Papers—1989-1998, Miller Freeman Publications Inc.

Change in demand for magazine and periodical paper

(000 short tons)

Grade	1978	1988	1998	Change 1979-88	Change 1989-98
Coated	2,005	2,830	3,779	825	949
No. 5	1,637	2,138	2,814	501	676
No. 4	298	553	768	255	215
No. 3	55	126	181	71	55
Nos. 1 & 2	15	12	15	-3	3
Uncoated Groundwood	317	620	832	303	212
SC	30	277	450	247	173
Other	287	343	382	56	39
Total*	2,323	3,47 5	4,694	1,152	1,219

* Includes a small amount of uncoated free sheet

Total demand for paper used in magazines will reach 4.7 million tons in 1998, compared to 3.5 million tons in 1988—an increase of 1.22 million tons. Coated papers will continue to be the major grade used in magazines, accounting for about 80 percent, but uncoated supercalendered groundwood paper will increase its market share.

Source: Forecaster Printing/Writing Papers—1989-1998, Miller Freeman Publications Inc.

Circulation wrap-up

Total circulations

Almost 40 percent of ABC members reported circulation losses for 1989, which is the worst showing since 1986, according to Capell's Circulation Report (CCR). Approximately half reported decreases in newsstand sales, with some of the traditionally big newsstand sellers experiencing sharp declines—*Woman's Day* and *Family Circle*, for example, lost a combined 1.4 million sales per issue. And although 63 percent of ABC members indicated subscription gains, this still was not enough to offset newsstand losses for many magazines.

The categories with the highest percentage losses in circulation were computer, motorcycle, outdoor and news magazines, along with the seven sisters and tabloids. Categories that performed well overall were comics, fitness and health, business/finance, and affluent magazines, as well as city-regionals and thoughtleaders. For the decade ahead, consultant E. Daniel Capell, editor of CCR, sees fitness and health and business/finance continuing as hot categories, joined by spectator sport magazines. Cool categories for the 1990s, he says, will be computer, automotive and women's service books.

continued on page 250

Greatest percentage increases in total circulation

Magazine	% Increase			Total Circ.	
	Total Circ.	Sub. Circ.	Single Copy Circ.	12/89	12/88
Velonews	66.3	40.7	149.0	23,193	13,948
Incider	63.9	86.9	-19.4	191,910	117,081
Honolulu	58.9	63.0	16.7	55,237	34,756
WOW! Magazine	51.9	—	48.1	138,843	91,402
PC/Computing	50.9	65.0	-1.8	471,642	312,625
Rhode Island Monthly	50.5	57.8	19.5	26,382	17,526
Mountain Bike	48.0	77.4	28.2	54,796	37,038
Financial World	45.7	46.3	4.8	442,042	303,316
Utne Reader	39.8	35.5	69.0	152,275	108,949
Star Comics	39.3	59.0	38.2	463,402	332,600
Lear's	37.6	66.0	-32.2	452,723	328,975
Bop	36.9	-8.0	43.2	270,730	197,733
Parenting Magazine	35.6	37.4	21.6	489,109	360,649
Truckin'	35.1	14.6	39.5	179,223	132,651
Vantage	34.9	34.9	—	292,513	216,806
The Wine Spectator	34.9	32.0	48.6	85,620	63,490
Minneapolis St. Paul Magazine	34.8	41.8	15.3	62,151	46,106
Automobile Magazine	31.4	37.3	19.3	401,676	305,652
Writer's Digest	29.2	32.8	3.1	268,991	208,283
WWF Magazine	29.1	29.3	29.0	341,977	264,957
Spy	28.6	35.9	22.1	132,760	103,223
Horse & Rider	28.1	34.6	4.0	106,151	82,893
Popular Photography	27.6	31.2	-4.6	927,388	726,572
The Walking Magazine	26.9	33.7	-15.5	420,630	331,481
Premiere	26.6	44.0	8.3	440,472	348,040
TV Picture Life/Metal Edge	26.5	—	26.5	200,369	158,436
Manhattan, Inc.	26.3	35.3	-32.9	113,679	90,044
Changing Times	24.9	25.8	.2	1,300,153	1,040,677
European Travel & Life	24.9	26.6	15.9	360,103	288,342
Florida Home & Garden	24.2	29.6	-8.5	48,818	39,318

Although more than one third of these publications had single-copy sales increases of less than 10 percent—and of the 30 titles, over 20 percent indicated losses in newsstand sales—strong subscription sales resulted in substantial percentage gains in their overall circulation figures.

Source: ABC audit figures for six months ended 12/89

Magazines with greatest percentage losses in total circulation

Fragmentation of the marketplace—with many titles competing for readers in the same category, particularly on the newsstand—caused the decline of circulation levels for several of the 30 magazines with the greatest percentage decreases in total circulation. This is reflected by their average drop in subscription sales of 10.5 percent, and a 16.5 percent average decrease in single copy sales.

Source: ABC audit figures for six months ended 12/89

Magazine	% Decrease			Total Circ.	
	Total	Subs	Single Copy	12/89	12/88
Horseman	-56.6	-55.0	-92.3	60,071	138,476
BMX Plus!	-29.9	-21.7	-35.1	54,585	77,834
Compute!'s Gazette	-26.1	-32.4	-10.0	128,929	174,476
Cheri	-23.9	—	-23.9	139,676	183,513
Bassin'	-23.5	-33.6	+46.5	174,905	228,508
National Examiner	-20.2	+2.2	-20.6	893,956	1120,434
Rider	-20.2	-20.7	-15.7	105,709	132,466
Micro Cornucopia	-19.5	-9.1	-28.7	17,642	21,922
Transworld Skateboarding	-19.5	-28.3	-17.5	134,919	167,652
Baseball Digest	-17.8	-18.4	-7.6	263,731	320,711
Woman's Day	-15.6	-12.9	-15.6	4705,288	5571,573
Football Digest	-15.2	-16.2	+3.8	167,800	197,752
Weekly World News	-14.3	-17.5	-14.1	848,767	990,177
Home Office Computing	-13.6	-14.2	-6.6	375,547	434,565
Satellite Orbit	-13.3	-20.7	-1.6	315,463	363,848
Penthouse	-13.2	+30.4	-18.7	1830,823	2108,256
Globe	-12.9	+.8	-13.4	1329,413	1525,745
Dirt Wheels	-12.8	-13.0	-12.7	66,784	76,604
Grit	-11.4	-11.0	-16.1	460,877	520,019
Arkansas Times Magazine	-11.3	-11.4	-10.3	28,505	32,125
Working Mother	-11.2	-11.7	+13.5	538,072	605,951
Travel-Holiday	-10.8	+40.6	-97.3	673,501	755,104
TV Crosswords	-10.6	-22.6	-3.0	302,128	337,907
Cycle World	-9.4	-11.4	-3.7	245,929	271,435
Mademoiselle	-9.4	+30.7	-24.6	1162,206	1283,242
Washington, The Evergreen State Magazine	-9.4	-4.5	-37.1	63,508	70,111
Milwaukee Magazine	-8.8	-8.2	-11.9	36,850	40,419
American Legion Auxiliary National News	-8.2	-8.2	—	736,321	801,733
Daytime TV	-8.2	—	-8.2	106,238	115,757
Family Circle	-7.8	+5.0	-12.3	5461,786	5922,530

Circulation numbers alone don't tell the whole story of a magazine's viability in today's marketplace. For a look at gainers/losers in ad pages and advertising revenue, see pages 334 and 335 in the Industry Resources section.

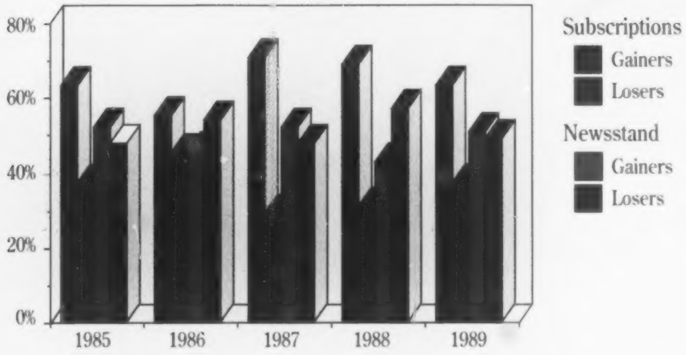
Top 100 magazines by total circulation

Title	1989 Circ.	1988 Circ.	% Change
Modern Maturity	21,430,990	19,301,820	+11.0
Reader's Digest	16,343,599	16,452,422	- 0.7
TV Guide	15,867,750	16,302,705	- 2.7
National Geographic	10,890,660	10,574,562	+ 3.0
Better Homes and Gardens	8,005,311	8,143,083	- 1.7
Family Circle	5,461,786	5,922,530	- 7.8
Good Housekeeping	5,152,245	5,217,147	- 1.2
McCall's	5,088,686	5,142,463	- 1.1
Ladies' Home Journal	5,038,297	5,086,714	- 1.0
Woman's Day	4,705,288	5,571,573	-15.6
Time	4,339,029	4,648,454	- 6.7
Guideposts	4,203,934	4,258,806	- 1.3
National Enquirer	4,100,740	4,285,707	- 4.3
Redbook	3,901,419	3,950,489	- 1.2
Star	3,588,753	3,682,796	- 2.6
First For Women	3,509,688	3,684,536	- 4.8
Sports Illustrated	3,424,393	3,329,415	+ 2.9
Playboy	3,421,203	3,555,663	- 3.8
People Weekly	3,270,835	3,349,401	- 2.4
Newsweek	3,180,011	3,227,391	- 1.5
Prevention	3,134,914	3,136,447	- 0.1
The American Legion Magazine	2,828,238	2,824,260	+ 0.1
Cosmopolitan	2,702,125	2,760,010	- 2.1
Smithsonian	2,342,443	2,262,015	+ 3.6
Southern Living	2,318,841	2,288,695	+ 1.3
Glamour	2,224,135	2,190,027	+ 1.6
U.S. News & World Report	2,209,996	2,300,197	- 3.9
Field & Stream	2,015,577	2,032,020	- 0.8
V.F.W. Magazine	1,979,899	1,955,052	+ 1.3
NEA Today	1,919,340	1,849,186	+ 3.8
Money	1,834,618	1,821,625	+ 0.7
Penthouse	1,830,823	2,108,256	-13.2
Popular Science	1,818,403	1,844,323	- 1.4
Country Living	1,801,414	1,833,816	- 1.8
Ebony	1,791,976	1,764,993	+ 1.5
Home & Away	1,791,728	1,741,552	+ 2.9
Seventeen	1,766,161	1,752,308	+ 0.8
Parents Magazine	1,752,697	1,772,633	- 1.1
Life	1,749,723	1,749,972	- 0.0
Popular Mechanics	1,650,693	1,668,096	- 1.0
Discovery	1,607,574	1,619,701	- 0.8
1,001 Home Ideas	1,603,099	1,536,706	+ 4.3
Woman's World	1,560,496	1,413,575	+10.4
Outdoor Life	1,507,529	1,514,400	- 0.5
The Elks Magazine	1,501,652	1,526,010	- 1.6
Adventure Road	1,479,616	1,484,100	- 0.3
The American Rifleman	1,442,317	1,358,967	+ 6.1
Sunset	1,393,015	1,430,860	- 2.6
New Woman	1,390,830	1,332,586	+ 4.4
The American Hunter	1,380,230	1,359,307	+ 1.5
US	1,365,892	1,379,602	- 1.0
Golf Digest	1,363,907	1,314,434	+ 3.8
Boys' Life	1,334,659	1,392,535	- 4.2
Globe	1,329,413	1,525,745	-12.9
Changing Times	1,300,153	1,040,677	+24.9
The Workbasket	1,295,578	1,402,785	- 7.6
Vogue	1,247,920	1,202,471	+ 3.8
Sesame Street Magazine	1,235,842	1,260,274	- 1.9
Rolling Stone	1,216,781	1,273,681	- 4.5
Self	1,213,314	1,229,791	- 1.3
Home Mechanix	1,209,395	1,229,727	- 1.7
Mademoiselle	1,162,206	1,283,242	- 9.4
Travel & Leisure	1,115,328	1,125,788	- 0.9
Teen	1,100,237	1,093,051	+ 0.7
Health	1,088,696	1,026,164	+ 6.1
Discover	1,053,034	1,030,228	+ 2.2
Organic Gardening	1,037,214	1,086,406	- 4.5
Golf Magazine	1,019,379	937,232	+ 8.8
Weight Watchers Magazine	1,007,755	1,003,347	+ 0.4
Yankee	1,002,781	1,003,948	- 0.1
American Health: Fitness of Body and Mind	1,000,689	981,626	+ 1.9
Business Week (Worldwide)	992,820	975,585	+ 1.8
YM	967,249	887,571	+ 9.0
Country Home	963,081	972,178	- 0.9
Sport	960,066	947,005	+ 1.4
Scouting	949,405	1,009,086	- 5.9
House Beautiful	939,735	890,745	+ 5.5
Car and Driver	934,377	935,315	- 0.1
Popular Photography	927,388	726,572	+27.6
Omni	925,436	925,345	+ 0.0
Home Magazine	925,335	—	—
Hot Rod	911,667	884,669	+ 3.1
Workbench	909,119	845,673	+ 7.5
National Examiner	893,956	1,120,434	-20.2
Business Week (North America)	889,535	879,334	+ 1.2
Psychology Today	887,770	931,859	- 4.7
Jet	860,671	852,913	+ 0.9
Nation's Business	858,228	855,424	+ 0.3
Essence	851,034	850,007	+ 0.1
Weekly World News	848,767	990,177	-14.3
Elle	826,336	826,877	- 0.1
Food & Wine	823,530	798,366	+ 3.2
Motor Trend	818,021	784,919	+ 4.2
Consumers Digest	813,373	759,714	+ 7.1
Gourmet	807,377	806,304	+ 0.1
Victoria	793,790	683,104	+16.2
Homeowner	791,310	724,017	+ 9.3
Fortune (Worldwide)	781,040	769,947	+ 1.4
Practical Homeowner	759,857	719,730	+ 5.6
Forbes	743,533	741,731	+ 0.2

The only change in the order of the top 10 ABC-audited consumer magazines from the same period last year is Woman's Day's drop from seventh position to tenth. Modern Maturity posted a dramatic 2 million-plus gain in circulation; National Geographic reported a modest increase over 1988, while the rest of the leading 10 titles actually showed slight declines in total circulation.

Source: ABC audit figures for six monthes 12/89

Five-year circulation summary for ABC members



A quick glance at this chart reveals little substantial change in the percentages of gainers and losers since 1985. This does not tell the whole story, however, since the volume of newsstand losses in sales per issue, particularly for some of the big sellers, has taken its toll on total circulation figures, which is not reflected in a simple tabulation by percentages of magazines gaining/losing circulation.

Source: Capell's Circulation Report

Circulation wrap-up
continued from page 247

Declining single copy sales

Unquestionably, the primary trend in the 1980s was the decline of newsstand sales, according to Capell. For ABC members, sagging single copy sales will continue to be a crucial issue in the 1990s.

In the last decade, the newsstand component of ABC members' total circulation was down 30 percent. By the year 2000, predicts Capell, newsstand circulation will represent less than 20 percent of the total mix. Cable television and VCRs, now in approximately 60 percent of U.S. homes, have contributed to the decline in newsstand sales. Consumers are spending less time reading and more time in front of the TV, resulting in fewer shopping trips overall and fewer impulse purchases of magazines.

continued on page 252

Comparison of 1989 top 20 magazines

Magazine	1989 Circ.	% Inc./Dec.	1988 Circ.	% Inc./Dec.	1987 Circ.	% Inc./Dec.	1986 Circ.
Modern Maturity	21,430,990	+11.0	19,301,820	+15.3	16,734,801	—	—
Subscription	21,430,990	+11.0	19,301,820	+15.3	16,734,801	—	—
Single Copy	—	—	—	—	—	—	—
Reader's Digest	16,343,599	- 0.7	16,452,422	- 0.7	16,566,650	- 0.3	16,609,847
Subscription	15,419,265	- 0.4	15,486,755	- 1.0	15,636,050	- 0.3	15,677,720
Single Copy	924,334	- 4.3	965,667	+ 3.8	930,600	- 0.2	932,127
TV Guide	15,867,750	- 2.7	16,302,705	- 3.9	16,969,260	+ 1.0	16,800,441
Subscription	8,641,201	- 2.1	8,827,705	- 0.1	8,832,670	+ 6.2	8,318,195
Single Copy	7,226,549	- 3.3	7,475,000	- 8.1	8,136,590	- 4.1	8,482,246
National Geographic	10,890,660	+ 3.0	10,574,562	+ 0.7	10,498,594	- 2.5	10,764,998
Subscription	10,803,286	+ 2.8	10,510,570	+ 0.7	10,439,527	- 2.4	10,693,356
Single Copy	87,374	+36.5	63,992	+ 8.3	59,067	-17.6	71,642
Better Homes and Gardens	8,005,311	- 1.7	8,143,083	+ 1.6	8,012,659	- 1.0	8,091,751
Subscription	7,429,478	- 0.9	7,496,750	+ 1.4	7,392,159	- 1.7	7,520,584
Single Copy	575,833	-10.9	646,333	+ 4.2	620,500	+ 8.6	571,167
Family Circle	5,461,786	- 7.8	5,922,530	+ 2.6	5,773,484	7.8	6,261,519
Subscription	1,623,695	+ 5.0	1,545,872	+34.8	1,146,591	+100.0	573,419
Single Copy	3,838,091	-12.3	4,376,658	- 5.4	4,626,893	-18.7	5,688,100

continued on next page

Comparison of 1989 top 20 magazines *page 2*

Magazine	1989 Circ.	% Inc./Dec.	1988 Circ.	% Inc./Dec.	1987 Circ.	% Inc./Dec.	1986 Circ.
Good Housekeeping	5,152,245	- 1.2	5,217,147	+ 0.3	5,202,526	- 0.4	5,221,575
Subscription	3,640,720	+ 1.0	3,603,201	+ 2.3	3,521,736	+ 1.6	3,466,047
Single Copy	1,511,525	- 6.4	1,613,946	- 4.0	1,680,790	- 4.3	1,755,528
McCall's	5,088,686	- 1.1	5,142,463	- 3.9	5,353,595	+ 3.2	5,186,393
Subscription	4,488,066	+ 2.5	4,379,331	- 4.6	4,590,558	+ 3.0	4,456,238
Single Copy	600,620	-21.3	763,132	+ 0.0	763,037	+ 4.5	730,155
Ladies' Home Journal	5,038,297	- 1.0	5,086,714	- 0.7	5,125,052	+ 2.1	5,020,551
Subscription	4,070,185	- 0.1	4,074,562	- 0.3	4,086,417	+ 1.8	4,013,405
Single Copy	968,112	- 4.4	1,012,152	- 2.5	1,038,635	+ 3.1	1,007,146
Woman's Day	4,705,288	-15.6	5,571,573	- 7.5	6,021,136	+ 4.8	5,743,842
Subscription	107,288	-12.9	123,131	+25.5	98,143	+37.7	71,264
Single Copy	4,598,000	-15.6	5,448,442	- 8.0	5,922,993	+ 4.4	5,672,578
Time	4,339,029	- 6.7	4,648,454	- 0.7	4,683,348	- 0.8	4,720,159
Subscription	4,120,748	- 6.7	4,416,189	- 0.5	4,439,485	- 1.3	4,499,136
Single Copy	218,281	- 6.0	232,265	- 4.8	243,863	+10.3	221,023
Guideposts	4,203,934	- 1.3	4,258,806	- 0.7	4,290,882	+ 0.7	4,260,697
Subscription	4,203,934	- 1.3	4,258,806	- 0.7	4,290,882	+ 0.7	4,260,697
Single Copy	—	—	—	—	—	—	—
National Enquirer	4,100,740	- 4.3	4,285,707	- 2.2	4,383,227	+ 0.0	4,381,242
Subscription	437,244	- 4.0	455,612	+ 2.7	443,566	+ 1.6	436,746
Single Copy	3,663,496	- 4.4	3,830,095	- 2.8	3,939,661	- 0.1	3,944,496
Redbook	3,901,419	- 1.2	3,950,489	- 3.4	4,088,739	+ 2.0	4,009,450
Subscription	3,147,372	+ 0.2	3,142,469	- 2.1	3,208,442	- 0.8	3,235,214
Single Copy	754,047	- 6.7	808,020	- 8.2	880,297	+13.7	774,236
Star	3,588,753	- 2.6	3,682,796	- 2.3	3,770,303	+ 1.7	3,706,131
Subscription	443,739	+ 3.7	427,808	- 7.1	460,304	+49.9	307,004
Single Copy	3,145,014	- 3.4	3,254,988	- 1.7	3,309,999	- 2.6	3,399,127
First For Women	3,509,688	- 4.8	3,684,536	—	—	—	—
Subscription	—	—	—	—	—	—	—
Single Copy	3,509,688	- 4.8	3,684,536	—	—	—	—
Sports Illustrated	3,424,393	+ 2.9	3,329,415	+ 5.6	3,154,018	+ 8.9	2,895,116
Subscription	3,302,664	+ 3.1	3,203,887	+ 5.7	3,032,486	+ 9.3	2,775,643
Single Copy	121,729	- 3.0	125,528	+ 3.3	121,532	+ 1.7	119,473
Playboy	3,421,203	- 3.8	3,555,663	- 4.7	3,732,948	+ 7.4	3,477,324
Subscription	2,527,432	- 6.1	2,690,965	+11.4	2,415,917	- 3.3	2,498,140
Single Copy	893,771	+ 3.4	864,698	-34.3	1,317,031	+34.5	979,184
People Weekly	3,270,835	- 2.4	3,349,401	+ 1.1	3,311,793	+ 9.0	3,038,363
Subscription	1,521,490	+ 2.7	1,481,357	+ 4.5	1,418,170	+ 9.3	1,297,806
Single Copy	1,749,345	- 6.4	1,868,044	- 1.4	1,893,623	+ 8.8	1,740,557
Newsweek	3,180,011	- 1.5	3,227,391	+ 0.9	3,198,007	+ 3.1	3,101,152
Subscription	3,006,589	- 1.2	3,041,795	+ 1.0	3,012,472	+ 3.3	2,916,933
Single Copy	173,422	- 6.6	185,596	+ 0.0	185,535	+ 0.7	184,219

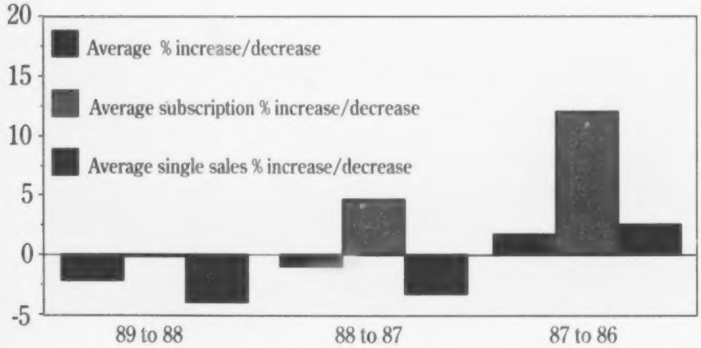
End of chart. Caption follows on next page.

Chart, caption,
continued from previous page

Seventeen of the magazines with highest circulation totals for 1989 were down in overall circulation from 1988, compared with 11 that decreased their total circulation levels in 1988, and six in 1987. Half of these titles suffered decreases in subscription sales in '89; eight lost subscribers the year before, and six in 1987 had lowered subscription sales. Only two of the leading circulation magazines had improved single copy sales in 1989. In 1988, six showed higher newsstand totals over the previous audit period, and 10 increased their single copy sales in 1987.

Source: ABC audit figures for six months ended 12/89, 12/88, 12/87, 12/86

Three-year circulation analysis of top 20 consumer magazines



A quick look at the above chart paints a rather bleak picture. But, according to industry experts, it is not as bleak as it first looks, even though the top 20 ABC-audited consumer magazines have been hit hard on the newsstands and have also started to slip in subscription sales. Large circulation magazines, they say, are trimming their circulation levels in order to penetrate their particular markets more cost-effectively. This "spending smarter" philosophy will result in healthier total circulation files, with more renewals as a percentage of subscription sales. Better targeting of subscribers in the 1990s, then, is expected to offset the steady decline of newsstand sales.

Source: ABC audit figures for six months ended 12/89

Circulation wrap-up
continued from page 250

Subscription sales

To counter the downward trend in single copy sales, publishers will have to develop more finely tuned strategies to increase subscription sales, Capell says. One strategy for the 90s will be to lengthen the subscription term. Eventually, Capell foresees that subscription sales will more than make up for newsstand losses.

Another strategy in the decade ahead, according to Capell, will be an increase in telemarketing subscription promotions. Although most circulation directors have been using telemarketing regularly for renewals, new business telemarketing will be as important to generating new subscriptions as direct mail was in the 1980s, he says.

The key words for the 1990s, according to consultant David H. Foster, editor of Competitive Publishing Hotline (CPH), are segmentation and targeting. The philosophy of five years ago—"Let's get as much circulation as we possibly can"—has been replaced with a more sophisticated approach: defining the specific audience for whom the magazine is written, then selectively reaching that particular group of readers.

Another perspective: Non-ABC-audited titles gain in newsstand sales

The rather bleak newsstand picture painted by ABC figures does not tell the whole story, according to a report released by the Periodicals Institute, Inc. (PII). Too much credibility is placed on ABC-only numbers, argues PII, and not enough attention is

continued on page 256

Magazines with highest subscription sales

Title	1989 Sub Sales	1988 Sub Sales	Percent Change
Modern Maturity	21,430,990	19,301,820	+11.0
Reader's Digest	15,419,265	15,486,755	- 0.4
National Geographic	10,803,286	10,510,570	+ 2.8
TV Guide	8,641,201	8,827,705	- 2.1
Better Homes and Gardens	7,429,478	7,496,750	- 0.9
McCall's	4,488,066	4,379,331	+ 2.5
Guideposts	4,203,934	4,258,806	- 1.3
Time	4,120,748	4,416,189	- 6.7
Ladies' Home Journal	4,070,185	4,074,562	- 0.1
Good Housekeeping	3,640,720	3,603,201	+ 1.0
Sports Illustrated	3,302,664	3,203,887	+ 3.1
Redbook	3,147,372	3,142,469	+ 0.2
Newsweek	3,006,589	3,041,795	- 1.2
The American Legion Magazine	2,828,238	2,824,260	+ 0.1
Prevention	2,783,164	2,812,828	- 1.1
Playboy	2,527,432	2,690,965	- 6.1
Smithsonian	2,328,261	2,250,174	+ 3.5
U.S. News & World Report	2,139,188	2,235,186	- 4.3
Southern Living	2,119,254	2,097,730	+ 1.0
V.F.W. Magazine	1,979,899	1,955,052	+ 1.3
NEA Today	1,919,340	1,849,186	+ 3.8
Field & Stream	1,917,077	1,931,929	- 0.8
Home & Away	1,791,728	1,741,552	+ 2.9
Family Circle	1,623,695	1,545,872	+ 5.0
Parents Magazine	1,610,166	1,642,621	- 2.0
Discovery	1,607,574	1,619,701	- 0.8
Popular Science	1,598,736	1,606,276	- 0.5
1,001 Home Ideas	1,552,403	1,492,663	+ 4.0
Money	1,549,891	1,534,156	+ 1.0
Ebony	1,534,839	1,519,475	+ 1.0

As in the first half of 1989, Modern Maturity (which has no newsstand distribution) heads the list of magazines with highest subscription sales for the ABC July-December audit period, increasing 11 percent over the comparable period in 1988. Generally, it was an almost even split between gainers and losers—16 with higher 1989 subscription sales and 14 with lower—with an average 0.53 percent increase among the top 30 titles.

Source: ABC audit figures for six months ended 12/89

Magazines with greatest percentage increases in subscription sales

Magazine	Percent Increase	12/89 Subs	12/88 Subs
Woman	658.6	62,360	8,221
Incider	86.9	171,505	91,754
Mountain Bike	77.4	26,373	14,867
Lear's	66.0	388,223	233,816
PC/Computing	65.0	406,604	246,375
Honolulu	63.0	51,694	31,719
Star Comics	59.0	28,527	17,939
Rhode Island Monthly	57.8	22,409	14,202
Financial World	46.3	438,073	299,528
Victoria	44.3	552,082	382,504
Premiere	44.0	256,411	178,050
Men's Fitness	42.8	57,181	40,042
Minneapolis St. Paul Magazine	41.8	48,151	33,959
Mountain Bike Action	41.2	10,203	7,227
Velonews	40.7	14,978	10,649
Travel-Holiday	40.6	665,743	473,476
CD Review	37.7	75,386	54,747
Parenting Magazine	37.4	439,405	319,760
Automobile Magazine	37.3	281,903	205,293
Spy	35.9	66,246	48,756
Utne Reader	35.5	128,575	94,922
Manhattan, Inc.	35.3	105,682	78,125
Vantage	34.9	292,513	216,806
Horse & Rider	34.6	87,725	65,177
The Walking Magazine	33.7	381,688	285,389
Colorado Homes & Lifestyles	33.6	12,960	9,698
Writer's Digest	32.8	242,793	182,881
The Wine Spectator	32.0	69,174	52,422
Details	31.7	52,707	40,037
Popular Photography	31.2	858,054	653,905

An examination of the magazines with the 30 highest percentage increases in subscription sales indicates, generally, that those publishers who have targeted a specific market niche have had the most significant gains in 1989, with more than one quarter of the 30 leading titles reporting greater than 50 percent jumps in their subscription circulations.

Source: ABC audit figures for six months ended 12/89

Magazines with greatest percentage decreases in subscription sales

Magazine	Percent Decrease	12/89 Total	12/88 Total
Horseman	-55.0	59,606	132,409
Off-Road	-34.7	18,061	27,659
Bassin'	-33.6	132,472	199,541
Compute!'s Gazette	-32.4	84,683	125,314
Transworld Skateboarding	-28.3	22,353	31,171
TV Crosswords	-22.6	101,428	131,018
BMX Plus!	-21.7	23,853	30,479
Teen Beat	-21.2	49,022	62,214
Rider	-20.7	94,876	119,615
Satellite Orbit	-20.7	176,501	222,590
Baseball Digest	-18.4	246,349	301,901
Weekly World News	-17.5	34,293	41,547
Modern Bride	-16.8	25,169	30,238
Football Digest	-16.2	157,220	187,562
Home Office Computing	-14.2	341,997	398,634
Dirt Wheels	-13.0	21,213	24,380
Woman's Day	-12.9	107,288	123,131
Working Mother	-11.7	523,453	593,072
Arkansas Times Magazine	-11.4	25,800	29,110
Cycle World	-11.4	177,595	200,485
Grit	-11.0	427,996	480,814
Europe Magazine	-10.4	10,732	11,976
Astronomy	-10.3	108,584	121,090
Shape Magazine	-10.1	210,350	233,852
Pacific Northwest	-9.4	63,450	70,031
Micro Cornucopia	-9.1	9,296	10,222
D Magazine (Dallas/Ft. Worth)	-9.0	86,645	95,186
Radio-Electronics	-8.4	138,388	151,064
American Legion Auxiliary National News	-8.2	736,321	801,733
Milwaukee Magazine	-8.2	30,398	33,098

In general, subscription sales are much healthier than single copy sales. Even for the 30 magazines with the greatest percentage decreases in subscription circulation, the average drop was 17.6 percent, as compared to a 28.5 percent average decrease in newsstand sales for the 30 titles experiencing the highest single copy losses during the same audit period.

Source: ABC audit figures for six months ended 12/89

Magazines with highest single copy sales

Title	1989 Single Copy Sales	1988 Single Copy Sales	Percent Change
TV Guide	7,226,549	7,475,000	- 3.3
Woman's Day	4,598,000	5,448,442	-15.6
Family Circle	3,838,091	4,376,658	-12.3
National Enquirer	3,663,496	3,830,095	- 4.4
First For Women	3,509,688	3,684,536	- 4.8
Star	3,145,014	3,254,988	- 3.4
Cosmopolitan	2,203,561	2,342,137	- 5.9
People Weekly	1,749,345	1,868,044	- 6.4
Woman's World	1,560,496	1,413,575	+10.4
Penthouse	1,519,390	1,869,415	-18.7
Good Housekeeping	1,511,525	1,613,946	- 6.4
Glamour	1,314,362	1,466,500	-10.4
Globe	1,275,547	1,472,320	-13.4
Ladies' Home Journal	968,112	1,012,152	- 4.4
Reader's Digest	924,334	965,667	- 4.3
Playboy	893,771	864,698	+ 3.4
National Examiner	875,064	1,101,944	-20.6
Weekly World News	814,474	948,630	-14.1
Vogue	761,431	761,834	- 0.1
Redbook	754,047	808,020	- 6.7
Mademoiselle	702,545	931,562	-24.6
Country Living	645,870	689,765	- 6.4
New Woman	643,938	569,582	+13.1
McCall's	600,620	763,132	-21.3
Self	591,607	662,182	-10.7
Life	583,550	556,354	+ 4.9
Better Homes and Gardens	575,833	646,333	-10.9
Elle	509,427	526,700	- 3.3
Seventeen	483,239	469,287	+ 3.0
Muscle & Fitness	468,379	482,375	- 2.9

Of the top 10 single copy leaders, only Woman's World shows an increase—up 10.4 percent—over the same period during the previous year. TV Guide, although still strong on the newsstand, was down 3.3 percent from the year before; Woman's Day and Family Circle lost 15.6 and 12.3 percent, respectively, in single copy sales. And Penthouse, with newsstand sales of more than 1.5 million, shows the biggest percentage decrease of the top 10—down 18.7 percent from the previous audit period. Only five of the 30 magazines with highest 1989 single copy sales had increases on the newsstand over 1988.

Source: ABC audit figures for six months ended 12/89

Magazines with greatest percentage increases in single copy sales

(Based on magazines with single copy sales greater than 3,000 during audit period)

Magazine	% Increase	12/89 Total	12/88 Total
Velonews	149.0	8,215	3,299
Southpoint Magazine	137.6	10,380	4,369
Historic Preservation	90.7	3,748	1,965
Utne Reader	69.0	23,700	14,027
Mother Jones	55.8	23,397	15,021
Off-Road	54.5	50,828	32,897
The Wine Spectator	48.6	16,446	11,068
WOW! Magazine	48.1	135,340	91,402
Bassin'	46.5	42,433	28,967
Organic Gardening	45.1	15,289	10,534
Bop	43.2	248,322	173,371
Texas Fish & Game	42.5	5,419	3,804
Truckin'	39.5	152,376	109,216
American Artist	38.5	27,911	20,158
National Geographic	36.5	87,374	63,992
Flower and Garden Magazine	34.9	15,283	11,333
Southwest Art	29.2	14,685	11,365
WWF Magazine	29.0	252,031	195,415
Mountain Bike	28.2	28,423	22,171
TV Picture Life/Metal Edge	26.5	200,369	158,436
Crafts 'N Things	26.3	113,227	89,653
Deer & Deer Hunting	25.7	68,217	54,262
Savvy Woman	25.7	11,640	9,263
Horseplay	25.4	3,569	2,847
Baltimore Magazine	24.5	9,346	7,507
Popular Electronics	22.9	37,440	30,455
Spy	22.1	66,514	54,467
Computer Shopper	21.6	172,533	141,859
Parenting Magazine	21.6	49,704	40,889
Seattle Weekly	21.6	13,239	10,891

While many large circulation publishers have taken a beating in single copy sales in the last few years, many smaller circulation magazines have prospered on the newsstand, as indicated by the enormous percentage gains for the top six titles above—which increased their single copy sales by more than 50 percent over the last comparable audit period.

Source: ABC audit figures for six months ended 12/89

Magazines with greatest percentage decreases in single copy sales

(Based on magazines with single copy sales greater than 3,000 during audit period)

Magazine	% Decrease	12/89 Total	12/88 Total
Travel-Holiday	-97.3	7,758	281,628
Fishing World	-60.0	3,892	9,733
New England Monthly	-39.0	8,418	13,806
Washington, The Evergreen State Magazine	-37.1	6,686	10,625
BMX Plus!	-35.1	30,732	47,355
Bassmaster Magazine	-34.5	5,217	7,970
Manhattan, Inc.	-32.9	7,997	11,919
Lear's	-32.2	64,500	95,159
Micro Cornucopia	-28.7	8,346	11,700
Harvard Business Review	-26.2	4,952	6,706
Amigaworld	-25.9	38,695	52,184
Colorado Homes & Lifestyles	-25.8	3,999	5,389
Mademoiselle	-24.6	702,545	931,562
Air & Space/Smithsonian	-24.1	13,628	17,958
Cheri	-23.9	139,676	183,513
Tours & Resorts	-23.4	3,346	4,366
Country Home	-22.7	229,667	297,000
Outdoor Life	-22.2	107,038	137,521
AutoWeek	-21.6	3,222	4,110
McCall's	-21.3	600,620	763,132
Cruise Travel	-20.7	6,156	7,767
National Examiner	-20.6	875,064	1,101,944
Newsweek International (Latin America edition)	-19.9	15,202	18,967
Home Mechanix	-19.7	54,875	68,347
Victoria	-19.6	241,708	300,600
Incider	-19.4	20,405	25,327
National Fisherman	-19.2	9,474	11,719
American Health: Fitness of Body and Mind	-18.8	59,303	73,064
The New Republic	-18.7	4,467	5,497
Penthouse	-18.7	1,519,390	1,869,415

The general trend toward increasingly depressed newsstand sales for ABC-audited magazines is evident in the 30 titles with the greatest percentage losses in single copy sales. The average for the above publications is a 28.5 percent decrease in newsstand circulation, with 40 percent of these books losing more than one quarter of their single copy sales compared to the previous audit.

Source: ABC audit figures for six months ended 12/89

Ciculation wrap-up
continued from page 252

devoted to the non-ABC-audited magazines on the newsstand.

Despite the decline in ABC titles from 91 million copies in 1980 to 80 million in 1989, overall newsstand sales and dollars have experienced record gains, says the report. Sales for the first half of 1989 (the most recent figures available for analysis) rose to $1.8 billion, an 8.9 percent increase over 1988.

A record number of new titles—nearly 500—were published in 1989, says the report. And although many of the larger magazine publishers have suffered unit losses, it adds, special interest titles have emerged to satisfy changing consumer needs. Sales of these magazines, according to PII, have more than compensated for decreases in high-volume title sales.

Comp copies on the rise

Since 1986, there has been a 41 percent increase in the number of circulation directors using comp copies in their direct mail control packages, according to a CCR consumer magazine survey. Sixty-five percent currently use comp copies to attract new subscribers. Sweeps have declined from 10 percent to only 2 percent, and premiums have remained relatively steady over the five-year period—23 percent in 1990 and 27 percent in 1986. Hard offers have shrunk from 17 percent to 10 percent during the same period, after reaching a high of 27 percent in 1987.

Pricing

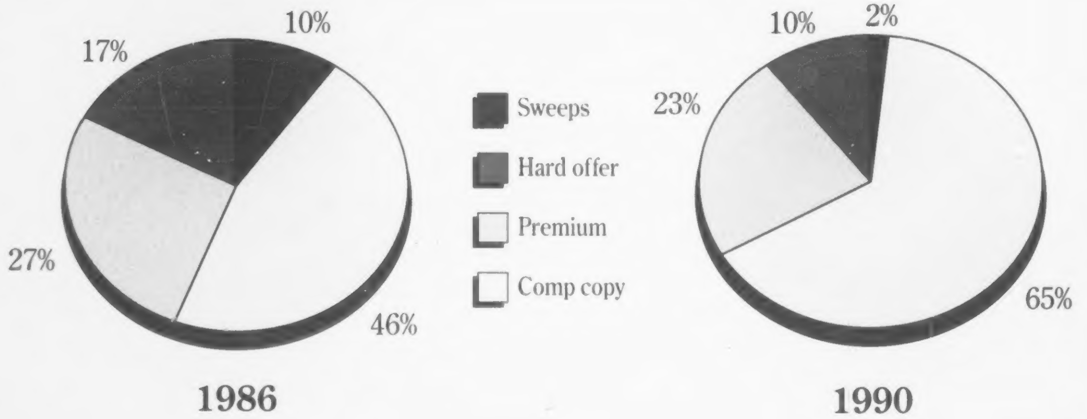
The average newsstand price for monthlies/bimonthlies/quarterlies in 1985 was $2.04. In 1990, it is $2.24, according to Competitive Publishing Hotline. For weeklies/biweeklies, average cover price in 1985 was $1.66, compared to $1.77 in 1990.

The basic subscription price for monthlies/bimonthlies/quarterlies—at $1.51 in 1990—is up from $1.21 in 1985. Weeklies/biweeklies experienced a similar increase in basic sub prices, from $0.79 in 1985 to $0.84 in 1990.

Publishers not raising rate bases

The number of ABC members who missed their rate base in 1989 declined to 24 percent, a new low for the five-year period since 1985. Furthermore, only 15 percent of the respondents to the Capell survey indicated that they had raised their rate bases for 1990, down from 37 percent in the previous year. Sixty percent plan to hold rate bases at their current level. This more conservative philosophy reflects the current trend toward keeping circulation figures as close as possible to rate base promises. ◆

What is your direct mail control offer?



In 1986, comps accounted for less than 50 percent of direct mail control offers, but in 1990 they represent approximately two-thirds of publishers' new subscription efforts, while sweepstakes have declined to only 20 percent of what they were in 1986.

Source: Capell's Circulation Report, Semi-annual Industry Survey

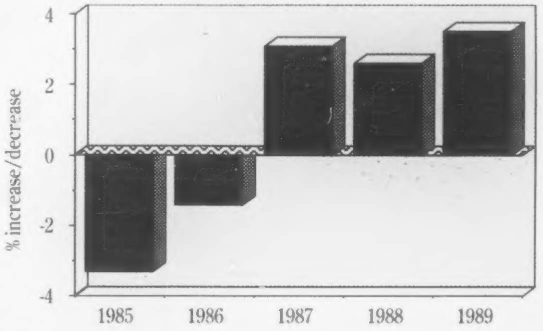
Magazines with highest numbers of ad pages

Magazine	1989 Pages	1988 Pages	% Change
Business Week	4,914.15	4,586.30	+ 7.1
Forbes	3,905.84	3,458.90	+12.9
Fortune	3,775.00	3,236.83	+16.6
People Weekly	3,770.81	3,825.71	- 1.4
Bride's	3,358.86	2,866.50	+17.2
Vogue	3,321.86	3,330.74	- 0.3
TV Guide	3,255.13	3,506.60	- 7.2
New York Magazine	3,094.86	3,052.42	+ 1.4
Sports Illustrated	2,981.90	2,978.01	+ 0.1
Time	2,733.86	2,505.89	+ 9.1
Newsweek	2,495.29	2,478.71	+ 0.7
Modern Bride	2,491.71	2,172.80	+14.7
New Yorker	2,409.51	2,292.09	+ 5.1
Economist	2,355.00	2,340.21	+ 0.6
Cosmopolitan	2,352.25	2,360.66	- 0.4
Elle	2,321.53	2,215.07	+ 4.8
Gentlemen's Quarterly	2,231.04	2,177.55	+ 2.5
U.S. News & World Report	2,053.17	1,873.08	+ 9.6
Family Circle	2,018.81	1,856.37	+ 8.7
Rolling Stone	1,964.79	1,847.71	+ 6.3
Glamour	1,959.53	2,055.83	- 4.7
American Way	1,896.71	1,790.39	+ 5.9
Architectural Digest	1,892.32	1,843.14	+ 2.7
Woman's Day	1,790.38	1,686.00	+ 6.2
Entrepreneur	1,758.47	1,271.43	+38.3
Good Housekeeping	1,702.03	1,620.55	+ 5.0
Town & Country	1,665.58	1,684.47	- 1.1
Yachting	1,657.99	1,712.57	- 3.2
Mademoiselle	1,649.46	1,793.93	- 8.1
Ladies' Home Journal	1,616.16	1,366.09	+18.3
Parents	1,544.02	1,430.54	+ 7.9
W	1,531.03	1,432.65	+ 6.9
Travel & Leisure	1,516.23	1,412.76	+ 7.3
Muscle & Fitness	1,506.50	1,557.96	- 3.3
Sunset	1,503.31	1,586.32	- 5.2
Vanity Fair	1,487.42	1,193.22	+24.7
Harper's Bazaar	1,454.78	1,444.94	+ 0.7
Better Homes and Gardens	1,428.68	1,469.35	- 2.8
Texas Monthly	1,373.67	1,370.34	+ 0.2
Skin Diver	1,362.22	1,381.56	- 1.4
Self	1,347.88	1,244.43	+ 8.3
Golf Digest	1,333.07	1,265.78	+ 5.3
Seventeen	1,331.70	1,393.66	- 4.4

The front-runners in ad pages for 1989 are the same 10 magazines that headed the list in 1988, with some changes in the order of ranking. Most notable are TV Guide's drop from the number three spot in 1988 to seventh position in '89 and People's slip to fourth from second place. Forbes rose from number four to number two; Fortune moved from sixth position to third; and Bride's shifted from ninth place to fifth, thanks to a 17.2 percent increase in ad pages.

Source: Publishers Information Bureau

Five-year analysis of increase/decrease in ad pages



In the past five years, magazine advertising pages have increased 16 percent—from 152,565.73 in 1985 to 177,007.68 in 1989. After decreases for two years, magazines have rebounded to show a steady growth in page totals.

Source: Publishers Information Bureau

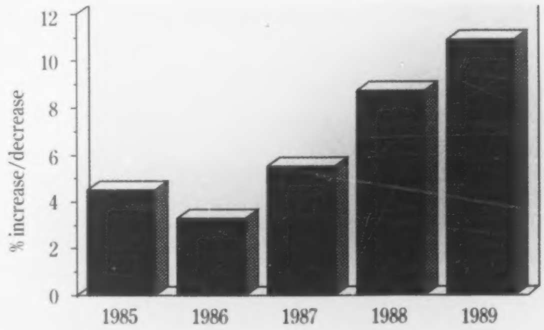
Magazines with highest ad revenue

Magazine	1989 Dollars	% Change
Time	$373,385,017	+ 6.8
Sports Illustrated	336,671.529	+ 4.0
People Weekly	326,203,199	+ 6.8
TV Guide	322,985,623	- 3.7
Business Week	260,575,042	+14.6
Newsweek	255,918,694	+ 5.9
Fortune	167,284,538	+21.7
Forbes	157,696,946	+22.5
U.S. News & World Report	152,843,252	+19.3
Better Homes and Gardens	152,436,109	- 0.2
Family Circle	152,208,684	+13.3
Good Housekeeping	148,033,344	+14.5
Woman's Day	135,632,500	+17.3
Cosmopolitan	125,711,842	+ 9.7
Reader's Digest	113,644,537	- 0.3
Ladies' Home Journal	104,742,667	+25.0
Vogue	101,001,807	+15.4
Glamour	88,833,183	+ 2.1
Money	79,668,320	- 0.1
Redbook	75,031,696	+ 9.4
McCall's	74,798,588	+19.5
Rolling Stone	71,093,073	+14.5
Golf Digest	63,995,011	+15.8
Elle	62,648,418	+13.0
Southern Living	61,224,697	- 0.7
Parents	60,344,516	+13.6
Life	56,846,163	+16.7
Bride's	55,280,547	+26.3
Car and Driver	54,303,468	+20.9
New Yorker	54,033,158	+13.0
Travel & Leisure	53,342,754	+19.2
Gentlemen's Quarterly	49,899,443	+13.2
Mademoiselle	48,697,898	+ 0.1
Modern Maturity	47,455,205	+18.8
New York Magazine	47,430,625	+ 7.4
Inc.	46,642,250	+10.5
Playboy	46,503,864	+14.4
Architectural Digest	46,049,915	+ 9.2
Sunset	44,372,483	- 4.2
Smithsonian	43,766,044	+ 5.7
Country Living	42,604,158	+14.2
Self	42,326,178	+21.8
Vanity Fair	41,616,840	+51.1
Field & Stream	39,941,583	+ 8.3
Seventeen	39,590,128	+ 2.4
Modern Bride	38,456,726	+24.0
Esquire	38,016,280	+21.3

Of the top 10 highest revenue producers, only two magazines showed losses in ad dollars from 1988: TV Guide was down from $335,407,992, a decrease of 3.7 percent, and Better Homes and Gardens experienced a .2 percent drop from 1988 revenue of $152,806,437. Forbes and Fortune showed the biggest percentage increases in advertising revenue, up 22.5 and 21.7 percent, respectively. Time held its number one position as the leader in ad dollars, with a 6.8 percent increase over its 1988 total of $349,742,381.

Source: Publishers Information Bureau

Five-year comparison of increase/decrease in ad revenue



Magazines have experienced healthy jumps in ad revenue since 1985, despite overall losses in ad page totals in 1985 and 1986. Total ad revenue in 1989 easily broke the $6 billion mark at $6,642,059,977, almost 11 percent above the 1988 figure of $5,989,506,509.

Source: Publishers Information Bureau

Magazine advertising revenue by class totals

Classification	Advertising Revenue		
	Jan-Dec 1989	Jan-Dec 1988	% Change
Automotive, Automotive Accessories	$882,999,850	$800,269,924	+10.3
Toiletries & Cosmetics	650,710,759	576,566,606	+12.9
Business & Consumer Services	529,335,303	470,186,249	+12.6
Direct Response Companies	518,772,163	466,987,424	+11.1
Food & Food Products	435,345,476	376,942,996	+15.5
Cigarettes, Tobacco & Accessories	401,569,812	354,449,143	+13.3
Apparel, Footwear & Accessories	395,094,003	357,312,990	+10.6
Travel, Hotels & Resorts	374,524,268	321,757,509	+16.4
Computers, Office Equipment & Stationery	288,421,338	249,245,085	+15.7
Beer, Wine & Liquor	256,764,679	215,616,687	+19.1
Retail	209,005,060	182,435,883	+14.6
Publishing & Media	193,709,717	192,696,599	+ 0.5
Jewelry, Optical Goods & Cameras	153,872,515	138,377,742	+11.2
Drugs & Remedies	137,335,662	146,514,280	- 6.3
Insurance & Real Estate	134,356,132	129,172,903	+ 4.0
Sporting Goods, Toys & Games	133,643,684	121,270,852	+10.2
Household Furnishings, Supplies & Materials	125,129,150	116,904,622	+ 7.1
Household Equipment & Supplies	103,045,763	101,725,527	+ 1.3
Electronic Entertainment Equipment & Supplies	102,774,190	90,516,130	+13.5
Building Materials, Equipment & Fixtures	82,842,596	89,463,223	- 7.4
Miscellaneous Not Itemized	77,002,335	92,969,478	-17.2
Soaps, Cleansers & Polishes	67,728,543	50,956,982	+32.9
Miscellaneous Not Elsewhere Classified	64,720,713	63,925,802	+ 1.2
Industrial Materials	63,162,698	54,224,983	+16.5
Confectionery, Snacks & Soft Drinks	53,413,058	51,931,770	+ 2.9
Freight, Industrial & Agricultural Development	47,936,606	41,233,149	+16.3
Pets, Pet Foods, Supplies & Organizations	45,843,205	31,162,286	+47.1
Gasoline, Lubricants & Fuels	27,574,252	22,633,461	+22.8
Entertainment & Amusement	26,308,275	31,076,342	-15.3
Horticulture & Farming	24,791,953	24,048,749	+ 3.1
Business Propositions & Employment Recruitment	22,425,953	18,827,017	+19.1
Airplanes, Aviation Accessories & Equipment	14,006,428	12,463,437	+12.4
TOTALS:	$6,644,173,739	$5,993,865,830	+10.9

Advertising revenue for 1989 was over $6.5 billion, up more than $650 million from 1988. The most dramatic percentage increases were in the Pets, Pet Foods, Supplies & Organizations and Soaps, Cleansers & Polishes classifications, followed by Gasoline, Lubricants & Fuels; Beer, Wine & Liquor; and Business Propositions & Employment Recruitment. The Automotive/Accessories classification was the leader in ad revenue once again, posting nearly an $83 million gain over 1988.

Source: Magazine Publishers of America, based on Publishers Information Bureau data

C4325-1

Uncoated paper:
More quality grades
. . . page 92

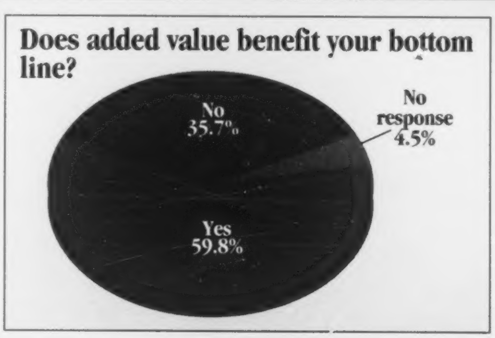
Folio:

A Publication of The Hanson Publishing Group, Inc.

JANUARY 1, 1991 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

What's the value of added value?

FOLIO:'s exclusive survey shows how advertising and marketing directors are taking advantage of added-value programs to give their consumer titles a competitive edge, increase their shares of market and improve their bottom lines. **86**


Does added value benefit your bottom line?

FOLIO: ROUNDTABLE

Special interest titles regroup for the '90s

Can single-title publishers survive in today's tougher markets? Do group buys threaten the core niche sell? Can niche titles prosper in large, diverse companies? Where are the opportunities and pitfalls in ancillary products? Executives from companies large and small thrash out the special challenges of special interest publishers in a FOLIO: roundtable. **100**

BENI

HOTCHKISS

LAWERENCE

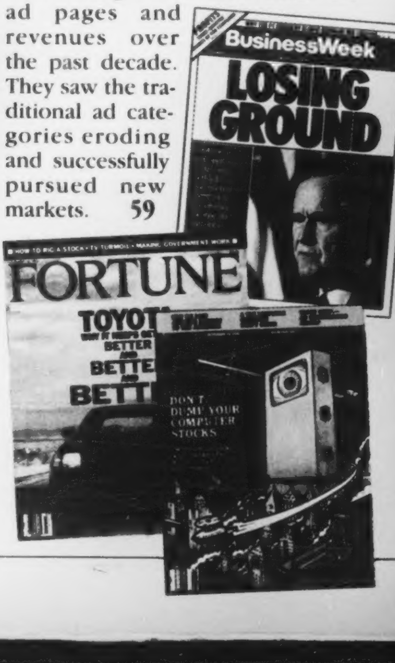
PANDOLFI

ROMAN

SARBIN

Replacing dying markets

By adapting to major shifts and changes in the marketplace, *Business Week*, *Forbes* and *Fortune* have strengthened their holds on ad pages and revenues over the past decade. They saw the traditional ad categories eroding and successfully pursued new markets. **59**



Publishers test automatic renewal

AutoRenew, a new program that gets subscribers to use their credit cards to renew automatically, is being tested by Hachette Magazines, Conde Nast and The New York Times Magazine Group. **21**

Can newspapers ease our distribution costs?

Escalating distribution costs have spurred interest in magazine/newspaper delivery partnerships. Bolstering the effort, ABC recently qualified a Canadian magazine's newspaper-distributed copies. **21**

Special interest magazines: Strategy discussion . . . page 100

January 1, 1991

Pairing niches 49

Publisher John Ehlert creates symbiotic relationships between his titles by working both the business and consumer sides of narrow recreation market niches.

Handling editorial complaints 108

Be warned! Complaints from readers, advertisers, writers or artists that are ignored or improperly handled can explode into an exchange of legal letters.

U.S. News rebate debate 28

A subscription offer from *U.S. News & World Report* states that takers can expect a $1.95 rebate, but observers point out that things aren't what they appear to be.

Uncoated paper quality up 92

New, higher quality grades of supercalendered, uncoated paper might prove a logical choice for publishers trying to control the bottom line.

TECH TRENDS
Folio:

Do you know where your copy is?

Multiple file versions and misplaced copy have plagued magazine staffs since the birth of desktop publishing. Here are the latest solutions. 83

A desktop pioneer, *Verbum Magazine* takes on "the ultimate publishing frontier"—interactive publishing—with a CD-ROM edition. 79

New image compression products pack color images into a package 1/30th their size, without visible loss of image quality—and they claim to do it in real time. 79

The NeXT machines have now spawned their own magazine, IDG's *NeXTWorld*, and its editor in chief plans to publish the whole thing on NeXT systems. 79

UPDATE

The year 2000 will have fewer magazine subscribers unless publishers start addressing readers' changing agendas. 32

Penton exec suggests offering advertisers a "smorgasbord." 35

***Soldier of Fortune* sued** again for printing "gun for hire" ad. 36

The U.K. is no simple launch site. 38

***Ad Age* uses** high-tech media kit to win high-tech advertisers. 38

Ad execs rank the hottest magazines of 1990. 42

Regional title/TV station ink pact. 45

COLUMNS

The hidden bonus in consumer price resistance, by David Foster. 115

The counter-offer crisis, by Edward R. Koller. 117

Direct mail: Learning from a pro, by Eliot Schein. 120

DEPARTMENTS

Briefings 7
Joe Hanson on Magazines 13
Letters 15
Commentary 17
Update 21
Magazine People 49
Magazine Watch 59
List Watch 69
Calendar 75
Classified 129
Noteworthy 140

FamilyCircle
Make It Pretty!
40 Do-It-Yourself Decorating Ideas
UPDATE YOUR IMAGE
McCall's
decorating REMODELING
Looks You Love
English Country
Homespun Colonial
Relaxed Neoclassical
SPECIAL REPORT
Color for the '90s
EVERYTHING YOU NEED TO KNOW BEFORE YOU BUY
child
IS THE GOOD LIFE GOOD FOR OUR KIDS?

Sold On Home, Family and Mail Order !

200,000 Average Monthly Hotline
20,000 Monthly Changes of Address
2,404,440 Active Subscribers
Over 1.5 Million New Since 12/89
1,345,307 Actives Enhanced
322,858 Recency Actives Available
Over 30 demographic & lifestyle selections
Plus 1,450,000 Specialty Buyers of Books, Merchandise & Patterns
$33,000 Median Household Income

300,000 Average Monthly Hotline
30,000 Monthly Changes of Address
4,900,000 Active Subscribers
Plus Direct Mail Sold Actives
DM Sold Sweeps Actives
DM Sold Sweeps No's
Telephone Sold Actives
3,722,279 Actives Enhanced
1,347,978 Recency Actives Available
Over 30 demographic & lifestyle selections
$27,300 Median Household Income

A Growth List of Acquisitive Consumers!

55,000 Average Monthly Hotline
420,000 Active Subscribers
$47,000 Median Household Income

Hot List of Young, Highly Educated Affluents!

26,000 Average Monthly Hotline
430,000 Active Subscribers
$46,445 Median Household Income

Short Of Time !
Long On Buying Power !
Consistent In Response !

Working for General Merchandise, Publications, Clubs, Fundraising, Travel, Leisure, Crafts, Catalogs, Insurance and Credit Cards.

LIST SERVICES CORPORATION
6 Trowbridge Drive, P.O. Box 516
Bethel, CT 06801 (203) 743-2600

Test Today! Fax# (203) 778-4299

Vol. 20 No. 1

Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

A Publication of The Hanson Publishing Group, Inc.

Chairman of the Editorial Board: J. J. Hanson

Editor: Barbara Love; Executive Editor: Karlene Lukovitz; News Editor: Alan E. Sanderfoot; Deputy Managing Editor: Suzanne Zelkowitz; Copy Director: Deborah Schwab; Editorial Production Editor: Holly Wallinger; Senior Writers: Lisa I. Fried, John Masterton; Staff Writers: Susan Hovey, Cary Peyton Rich, Tony Silber; Tech Trends Editor: Liz Horton; Assistant Editors: Zakia Hyder, Ellen Tulin; Copy Editor: Suzann D. Silverman.

Design Director: Lowry Thompson; Senior Art Director: Joseph Ulatowski; Production Manager: Katherine Marciante; EPS Associate: Mimi Burroughs; Page Make-up Artist: Sheryl E. Allen; Marketplace Coordinator: Jody Marks Murphy.

Associate Publisher: Peter M. Goldstone; Group Advertising Director: Shirley Sax; Advertising Account Executives: Melanie S. Janowsky, Peggy Anne Schecter, Scott Schwadron, Caroline Van Ingen; Director of Advertising Development: Robin Altman; Market Development Coordinator: Catherine Cameron; Advertising Development Coordinator: Lauren Munro.

Marketing Services—Sales Operations Manager: Gloria Williams; Sales Managers: Mary Crawford, Maureen Mollahan; Marketing Services Representatives: Mort Kramer, Karen Putrimas, Rosalind Flans, Beth Saar, Dorothy Smith, Nancy Tillson, Michelle Weber, Judith Wiley.

Corporate Promotion Director: Joann [illegible]ons; Promotion Art Director: Bill Lampe; Prom[illegible]r: Nancy E. Kappas; Assistant Promotion Manager [illegible] Advertising Traffic Manager: Nancy Gebhardt.

Group Production Director: Roberta Tho[illegible]; Group Manufacturing Manager: Patricia K. Raddock; Group Manufacturing Coordinator: Terri R. Ballester; Production Systems Manager: Catherine A. Vitti.

Corporate Circulation Director: Lynn C. Bushell; Associate Circulation Director: Jeffrey Hartford.

Manager of Conferences and Expositions: Pamela Dimond; Exposition Services Director: Edie Gardner; Director/Conference Development: Carol Harrison.

The Hanson Publishing Group, Inc., Chairman and CEO: J. J. Hanson; President and COO: William J. Ryan; Vice President/Chief Financial Officer: Paul Martin; Vice President/Marketing Services: Ellen Ziperman; Vice President/Planning: Ellen Shannon.

FOLIO: THE MAGAZINE FOR MAGAZINE MANAGEMENT is published 12 times per year. In addition to the 12 regular monthly issues, FOLIO: SourceBook is published annually. Copyright © 1991 The Hanson Publishing Group, Inc. FOLIO: THE MAGAZINE FOR MAGAZINE MANAGEMENT is published by The Hanson Publishing Group, Inc., 6 River Bend, P. O. Box 4949, Stamford, CT 06907-0949. 203-358-9900. Fax: 203-357-9014. And 232 Madison Ave., Suites 1500 (Editorial) and 1409 (Advertising), New York, NY 10016. 212-683-3540. Faxes: 212-683-3986 (Editorial) and 212-683-4072 (Advertising).

The Hanson Publishing Group, Inc., an affiliate of Cowles Media Company, also publishes Catalog Age, Inside Media, FOLIO:'s Publishing News and Direct.

Subscriptions: U.S.—1 year (12 issues), $68; 2 years (24 issues), $108; 3 years (36 issues), $143. Canada and Mexico—1 year (12 issues), $82; 2 years (24 issues), $132; 3 years (36 issues), $172. Foreign (air only)—1 year (12 issues), $144; 2 years (24 issues), $270; 3 years (36 issues), $384. Single copies of most past issues, $8. Special issues cost more. European subscriptions: Euromedia Amsterdam, Euromedia Projekten, Leidsegracht 94, 1016-CS Amsterdam, The Netherlands. Postmaster: Please send address changes to FOLIO:, P. O. Box 4294, Stamford, CT 06907-0949. ISSN 0046-4333. Second class postage paid at Stamford, Connecticut, and additional entry points.

ABP The Audit Bureau Member MPA

Profit gap between magazine groups shrinks

Trade magazines became slightly more profitable in '89

by Liz Horton

NEW YORK CITY—The profitability gap between trade and consumer magazines is shrinking, according to Veronis, Suhler & Associates' 1990 Communications Industry Report.

Trade magazines became slightly more profitable in 1989, but they continued to slip in revenue growth. Meanwhile, consumer magazines hit a five-year high in revenue growth and held their own in profitability, according to the report, which covers only public companies.

During the past 10 years, "growth rates have almost changed positions, margins are almost at parity, and [trade and consumer titles] look more alike than dissimilar," says John Suhler, president and co-CEO of

Comparison of 1989 performance of consumer and trade magazines

Category	Consumer magazines()*	Trade and professional magazines	Total
1989 revenue growth (%)	20.4 (8.2)	5.7	13.7
1989 pretax operating income growth (%)	21.5 (-7.6)	13.6	18.2
1989 pretax operating income margin (%)	13.3 (11.0)	12.1	12.8
Change in pretax operating income margin from 1988 (points)	0.2 (-1.9)	0.8	0.5
Change in pretax operating income margin from 1985 (points)	3.1 (0.5)	-4.6	-0.2
1989 pretax operating income return on assets (%)	16.9 (22.1)	14.8	16.0
1989 operating cashflow growth (%)	22.5 (-2.7)	4.9	14.0
1989 operating cashflow margin (%)	15.0 (13.0)	16.1	15.5
Change in operating cashflow margin from 1988 (points)	0.3 (-1.5)	-0.1	0.1
Change in operating cashflow margin from 1985 (points)	3.5 (1.4)	-2.8	0.8
1989 operating cashflow return on assets (%)	19.1 (26.2)	19.7	19.3

* *Figures in parentheses indicate the performance of consumer magazines without the News Corporation acquisition factored in.*

Minus News Corporation's acquisition *of Triangle Publishing, the numbers for consumer and trade titles are beginning to look more alike than ever, according to the latest industry report from Veronis, Subler & Associates.*

To us, short runs are more than just another drop in the bucket.

Most printers try to squeeze their short run work between the larger, "more important" jobs. Not us.

We specialize in standard size, short run publications—over 100 a month. Which means we have the right equipment and the right attitude to meet your unique, short run needs.

So if your printer looks at short runs as just another drop in the bucket, maybe it's time to head for greener pastures.

DARTMOUTH PRINTING COMPANY
#1 IN SHORT RUNS

69 Lyme Road, Hanover, NH 03755 (603) 643-2220
SALES OFFICES: Washington, DC; Boston, MA; New York City, NY; Orlando, FL; Springfield, MA

the investment banking company.

The magazine industry as a whole was one of few communications sectors that *didn't* grow at the slowest rate in five years (the others were cable TV and film).

Revenues from consumer and trade magazines combined increased 13.7 percent in 1989, while profitability grew slightly, according to the report, which is an annual census of public companies in nine segments of the communications industry.

Consumer magazines racked up the majority of the gains, with revenue growth at 20.4 percent. Most of that was due to News Corporation's acquisition of Triangle Publishing, previously a private company.

Even subtracting News Corporation's gains, however, consumer magazines still posted their largest annual revenue growth since 1985: 8.2 percent. Profitability (pretax operating income margin), however, fell 1.9 points from 1988, to 11 percent.

Revenues at trade titles lagged, increasing 5.7 percent. The figures were pulled down by Capital Cities/ABC and McGraw-Hill, says Suhler. These two companies, accounting for more than 50 percent of the revenues in the segment, concentrate on industries that have grown slowly: finance, computers and construction. Profitability grew eight-tenths of a point, to 12.1 percent, but that was still 4.6 points lower than in 1985.

'Old-time religion mergers' ahead

Suhler says 1991 will be another challenging year for the trade press, and consumer magazines will be looking at slow growth.

The slowdown will change the kinds of mergers and consolidations in the media business, he adds. The expansionary mindset that created offensive consolidations in the eighties will be replaced with a more defensive kind. "In today's hunker-down economy, we will see more old-time-religion mergers where it really makes sense," Suhler says. There are also likely to be fewer independently financed titles. And, if new titles "are not on the jet path of acceptance, they'll have trouble." ☐

Quebecor launches list service firm

GREENWICH, CONN.—To help publishers take advantage of selective binding capabilities, Quebecor Printing (USA) Inc. has joined with the list service company FDC Inc. to form Quebecor List Services Inc.

The new company offers full mailing list processing services, ranging from basic presort and merge/purge functions to complex list segmentation and enhancement.

Combined with Quebecor's newly enhanced bindery systems, the new list service is expected to facilitate use of selective binding techniques. It is also expected to help clients adjust to new postal rates and regulations. ☐

© 1990 D

MAGAZINE WATCH

Business magazines: Changing with the times

Business Week, Forbes and Fortune saw traditional ad categories slide a decade ago and successfully pursued new markets

by Bert Peller

NEW YORK CITY—Business magazines have strengthened their lead in advertising pages and revenues over the last decade by keeping pace with major shifts in their markets. The changes provide a model that other publishers having problems selling ads to their traditional advertisers may wish to follow.

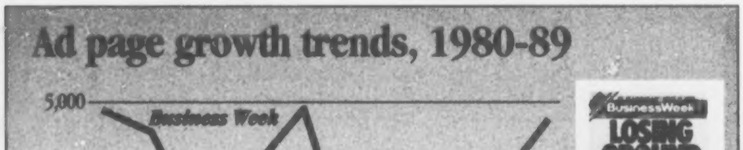
As a group, the big three—*Business Week, Forbes* and *Fortune*—increased ad pages by an average of nearly 27 percent and revenue by an average of 162 percent between 1980 and 1989.

This growth was accomplished despite losses in what were traditionally the strongest advertising categories for these magazines; the gains came from categories that had been less important for all three at the beginning of the decade.

Business ad pages (first nine months 1990)

Business Week	245
Forbes	279
Fortune	254

Throughout the eighties, *Business Week* maintained its position as the ad page leader among all U.S. magazines measured by Leading National Advertisers, although it ran slightly fewer pages in 1989 than in 1980. *Forbes* moved from 18th to second place, and *Fortune*, from 12th to third.



During the past decade, Business Week *remained number one in ad pages among all magazines;* Forbes *and* Fortune *moved from 18 and 12 to two and three.*

Revenue gains for the group were even more impressive. *Business Week*'s take for 1989 was $260.0 million, $137.6 million higher than its 1980 revenue. That gain was exceeded by only a handful of mass circulation publications with high page rates (*Time, Sports Illustrated* and *Parade*). *Forbes*'s revenue increased by 201.1 percent, while *Fortune* increased by 251.3 percent. All three were in the top 10 among magazines. (*See table, page 60.*)

In this year's less friendly atmosphere, the three titles as a group were down only 7.32 percent in ad revenue and 1.27 percent in ad pages through October, so their basic strength seems well established.

Replacing categories

The success for the decade has been achieved in the face of a rapid decline in advertising in one previously very important category: We call it business-to-business advertising.

The category includes advertisers of capital equipment, machine tools, raw materials and various business services. Business-to-business had traditionally been *Business Week*'s largest category and the core of its support. The category was also

Ad revenues: 10-year change

Title	1980 ($millions)	1989 ($millions)	% change 1980-89
Business Week	$122.9	$260.6	111.9%
Forbes	44.9	157.7	251.3
Fortune	55.6	167.3	201.1
Three-magazine field	223.4	585.6	162.1

Source: Publishers Information Bureau

***The three business titles ranked** in the top 10 magazines based on ad revenue in 1989:* Forbes *and* Fortune *moved from 18th and 23rd in 1980 to eighth and ninth, while* Business Week *remained near the top ranking sixth.*

important for the other two titles. But in the early eighties, with the decline in advertising by basic industries like steel, business-to-business was sharply reduced, and what was left was being channeled into specialized trade magazines. It became obvious that little would be available again in the foreseeable future.

What to do?

Management at the three publications soon recognized that there wasn't much they could do about advertising budgets that didn't exist anymore. But they recognized there was new opportunity in the restructuring of the service economy, and the sharp growth in computers and telecommunications. In addition, personal affluence was increasing for business executives who were and are now readers of these magazines and could be considered logical users of lifestyle products.

During the 1980s, each of the three modified its editorial thrust and changed the way it went about marketing space.

The categories we've used, such as "lifestyle," don't officially exist. Publishers Information Bureau (PIB) doesn't track them, and PIB categories have unquestionably long been accepted by the industry. The numbers we present are not absolute, and they may be considered debatable. But they provide an overview that may be helpful in understanding what's been going on during the 10-year period.

Each magazine saw some traditional ad categories erode and successfully focused on new categories, which allowed them not only to replace lost pages, but to surge ahead in total pages.

The following trends offered new opportunities:

- Increased need for information processing products and services and other new technologies.
- Interest in lifestyle information among business magazine readers.
- The need for companies with diverse products to define corporate image.
- The thrust of globalization as a pre-emptive marketing priority.
- Interest in regular measurement of financial market activities and in mergers and acquisitions.

The new positions

In the last decade, both *Business Week* and *Forbes* have become more heavily involved in high-technology office arena advertising, and lifestyle products and services. Business-to-business advertising has been sharply cut back. *Fortune* has become increasingly involved in corporate image advertising and lifestyle products and services.

Let's take a look at individual, broad-based ad categories:

The office arena. This arena began to take on increased importance in 1982, when the U.S. Government settled its suits against IBM and AT&T, signaling open competition in computer-related markets. There was a surge in computer and computer-related products and services and news that thrust the office arena into a major classification of advertising.

The office arena is one of the most important categories. All three magazines increased their number of pages from office products and services in the last decade. ***Business Week*** is especially strong in this area; it has more than twice the number of pages in this category than either of its two chief competitors. While this is a large source of revenue for *Business Week*, it is also a source of high interest among readers who attract other advertising categories. Readers of information about such office products tend to have high incomes, high tech interests, with high lifestyle and education profiles.

Office arena ad pages
(first nine months 1990)

Business Week	922
Forbes	410
Fortune	481

The great surge in space buying among advertisers in this category hasn't stopped. Rapid developments in telecommunications products, faxes, copiers and other office equipment are creating a need for continued advertising support. Obviously, the benefits of carrying office arena products and systems—greater availability of telecommunications, data processing, image processing, word processing, transaction processing and networking—are barely understood currently in many industries that have large growth potential in the full utilization of such products.

Business Week was first to incorporate a regular editorial department on information processing, but the other two followed with special sections and advertorials.

Lifestyle ad pages
(first nine months 1990)

Business Week	737
Forbes	772
Fortune	763

Lifestyle. Lifestyle or consumer advertising (travel, apparel, retail sales, alcoholic beverages, automobiles, etc.) is a second large category for this group of magazines today. *Business Week* has indeed increased

A scan of October issues: 10 years apart

	Business Week				*Forbes*				*Fortune*			
	1980		1990		1980		1990		1980		1990	
	Ad pages	% of total ad pages	Ad pages	%	Ad pages	%	Ad pages	%	Ad pages	%	Ad pages	%
Office arena	102	19.5%	128	38.9%	24	9.1%	48	18.7%	38	23.6%	49	17.3%
Lifestyle	84	15.6	89	27.0	39	14.8	66	25.7	29	18.0	86	30.3
Corporate image	127	23.6	71	21.6	86	32.7	78	30.4	31	19.3	96	33.8
Business-to-business	145	27.0	26	7.9	68	25.9	20	7.8	28	17.4	32	11.3
Financial	80	14.9	15	4.6	46	17.5	45	17.5	35	21.7	21	7.4
Total ad pages (#issues)	**538 (5)**	**100.0**	**329 (4)**	**100.0**	**263 (3)**	**100.0**	**257 (2)**	**100.0**	**161 (2)**	**100.0**	**284 (2)**	**100.0**

Note: No fractionals are included in tabulation. Because of rounding, percents of total ad pages may not add up to exactly 100.
Source: Bert Peller (independent tabulations)

***The leading business titles** shifted their advertising focuses over the 1980's.* Business Week *and* Forbes *increased their proportions of office arena and lifestyle ads, while* Fortune *has built up lifestyle and corporate image.*

its proportion of such advertising. But lifestyle pages in *Forbes* and *Fortune* have soared. The number of lifestyle pages in *Fortune* has almost tripled in the last decade, according to the test month analyzed.

The current density of lifestyle advertising marks a virtually new category for business management magazines. All three magazines recognized early on in the decade the need for salesmen specializing in automotives and beverages, for example, to optimize ad sales in these fast-growing categories. The role of the marketing specialist has become pronounced and is a good indication of change in the way ad space is being sold.

Jack Bedell, senior vice president and director of marketing at *Business Week* since 1976, says the shift there to more lifestyle advertising (liquor, tobacco, automobiles) started in 1971. "In the mid 1970s, coming from an industrial book, people here said they wanted to limit that to no more than 35 percent of our pages, but it never grew *that* much."

Forbes started carrying editorial on lifestyle in a column called Personal Affairs about 10 years ago, says Don Garson, director of corporate communications, who has been with the magazine for over 20 years. It grew into a regular department.

"We were always covering business to the greatest extent possible," says Garson. "We began to get much more advertising than we had editorial, so we started thinking we could deal with these people as people, not just businessmen. The lifestyle editorial proved very popular with readers.

"We always carried lots of liquor advertising," he adds. "We [now] also carry ads for automobiles, men's fragrances and suits. Ten years ago, we wouldn't have carried men's

GOOD NEWS
Some costs are coming down!

Specifically the cost of in-house fulfillment when using MacSUB®

Bigger Savings . . . For publications of up to 250,000 subscriptions, service bureaus are a cumbersome, expensive anachronism. You are penalized by high costs and rigid and limited reporting. Our clients tell us that MacSUB is so cost-effective that they consistently recover the entire cost of the system in less than eighteen months.

Better . . . Micro computers are reshaping approaches to publishing everywhere. Better use of technology is the most sensible way to offset some of the new costs being thrust on the industry.

Cheaper . . . With more than 90 MacSUB sites installed we can offer you better prices and we can package a complete installation for you more attractively than ever before.

Call us today for a client reference list. Talk to the publishers who are already gaining from new and powerful technologies.

Brauch Software Inc.,
550 Alden Road, Suite 105, Markham, Ontario Canada L3R 6A8
(416) 470-8550 Fax (416) 470-8561

wear."

It is not surprising that *Forbes* would have a vested interest in starting up new properties such as *Egg* and *Forbes FYI* and the Personal Affairs department. These products broaden *Forbes*'s appeal for lifestyle advertisers.

Fortune has a lifestyle editorial department, too. It started such coverage even before Marshall Loeb arrived from *Money*.

Corporate image ad pages
(first nine months 1990)

Business Week	620
Forbes	575
Fortune	586

Corporate image. This category, which includes brand and corporate identity, is strong for all three magazines. High-technology, information-processing, telecommunications companies need to make their products, services, innovations and productivity known. In 1989, *Business Week*, *Forbes* and *Fortune* accounted for $198 million in corporate advertising, according to Publishers Information Bureau. This is 40 percent of the total ($489 million) placed in all magazines. *Business Week* carried the most corporate advertising pages among all magazines in the first nine months of this year (620 pages).

Financial ad pages
(first nine months 1990)

Business Week	258
Forbes	375
Fortune	246

Financial. In this fourth category (banks, insurance, mutual funds), which is composed of business and personal financial advertising, *Forbes* has a significant lead over the others. For the first nine months of 1990, for example, *Forbes* carried 375 financial pages, compared to 258 for *Business Week* and 246 for *Fortune*.

Financial advertising has undergone a dramatic change in the last decade:

- Tombstone advertising—stocks, debentures, financial notices—has been virtually discontinued in these magazines.
- Whereas financial advertising used to be targeted for corporations, particularly large multinational companies with worldwide commitments, it is now being targeted for individuals who have IRAs, are planning for families and retirement, and work with advisory services.
- European banks such as Deutsche Bank, Allianz and Credit Suisse continue to advertise, but major American banking campaigns have been severely curtailed or eliminated.

Magazines today must keep pace with economic shifts and with shifts in editorial and advertising focus. *Business Week*, *Forbes* and *Fortune*, taking steps that other publishers may wish to follow, have successfully kept up with the times. Faced with downward shifts in the time-honored ad categories they covered, they sought growth in *new* ones. And they continued to be leaders in ad pages in 1989 and in 1990.☐

Bert Peller is currently a consultant. He was vice president and manager of media for business markets at J. Walter Thompson for 24 years.

New Magazines

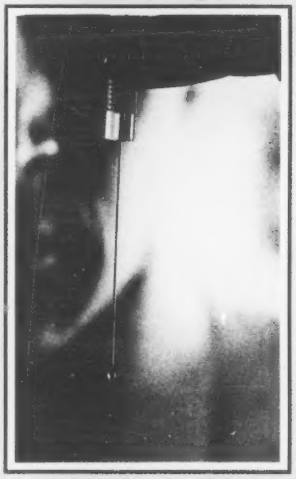
NY: The City Journal

NY: The City Journal, a quarterly covering politics and culture, was launched in September by The Manhattan Institute. The title's initial circulation is 5,000 controlled, with copies sent to the city's opinion leaders. The black-and-white page rate had not been set at press time. William Hammett is publisher. Richard Vigilante is editor. A subscription costs $25; cover price is $6.95. Address: 42 E. 71st St., New York, NY 10021. Telephone: 212-988-7300.

Music Retailing

WGE Inc., publisher of *CD Review*, started *Music Retailing* in September. Published two times a month, the 12,000 controlled circulation title targets record retailers. Editorial covers how to manage a business. The black-and-white page rate is $863. Wayne Green is publisher. Mark Lo is editor. A subscription costs $95. Ad-

AN EYE FOR DETAIL



"Long before your job ever goes on press, our quality assurance procedures begin. We start with the basics, evaluating the probability of your proofs being matched on our press with your selection of paper.

We test the inks, paper, blankets and press materials repeatedly to assure a product to your specifications. Checking all these details takes time up front, but guarantees the job is done right.

If we're this particular *before* your job goes on press, you can bet we're looking out for quality every step of the way."

—Don Fredrickson
Technical Services Manager

EDITORS PRESS
INCORPORATED
1-800-242-2484

Complete production services for publications

6200 Editors Park Drive
Hyattsville, Maryland 20782

What's the value of

It can give you a competitive edge, increase your market share and improve your bottom line

BY WILLIAM P. HOGUE

Do you remember the days when gas stations had price wars, gave away glasses, and actually asked to check your oil? Then you also remember the days when magazines *didn't* have price wars or give away freebies. It was a point in time we might call B.A.V.—"Before Added Value."

But that was then, this is now. And *now*, to sell advertising successfully, you offer added value. Period. Added value is not only no longer an option, it's no longer a function of size. All publishers, large and small, are now in two businesses: the publishing business and the added-value business. It's everybody—from a Goliath like *Time* to a David like *Wine Country International Magazine*.

Meeting the demand

Of course, Time Warner and its minions get the ink in the trades, as do other books in their league—particularly when they cut added-value deals that are so cross promoted they begin to make the advertiser's full-year media plan look simple by comparison. But what does added value mean for most magazines? How does it affect staffing and budgeting? How can a magazine determine if it's doing enough, too much, or too little?

In order to get "behind the headlines," FOLIO: surveyed a large, across-the-board sample of consumer magazines to begin answering the question, "What is the value of added value?"

For most books, added value does not mean going into business with an advertiser. Rather, it means meeting a day-to-day demand for merchandising—synonymous in this article with added value. This demand is channeled through salespeople, many of whom spend a lot of time as promotion agents between advertisers and their own promotion staff. Many also work up added-value ideas themselves. And most just can't get over the fact that a $250 merchandising idea can actually sway someone to purchase a page of advertising for $50,000.

But it can. And it does—even if sometimes the idea never gets implemented. It appears that in most cases, the idea is the thing, not its implementation. And here is the proof: Nearly one-third of the respondents to the FOLIO: survey say 10 percent or less of the ideas they suggest get implemented. Nearly half say less than 40 percent are implemented.

However, this has not slowed the flow of requests. In fact, it's opened the flood gates. During 1985, only 2.7 percent of this group had 100 or more requests for added value. In 1989, 23.2 percent received 100 or more requests, and 10.7 percent had 200 or more. In 1985, none of them had 200 or more.

The pressure is on

Despite the current low implementation score, ideas brought to fruition are on the rise. Over two-thirds of the respondents said that the percentage of ideas implemented has increased since 1985. Why are more and more advertisers actually taking magazines up on their merchandising offers? In a word: Pressure. To paraphrase a much-given answer: "Clients want more bang for the buck. So they pres-

• In summary •

- **Added value programs** are a part of the way all magazines, large and small, are doing business today.
- **It is the salespeople,** by and large, who act as promotion agents between the advertisers and their own promotion staffs.
- **Not all added-value ideas are implemented** (nearly half the respondents say less than 40% are), but the number of requests continues to escalate, as does the number of ideas brought to fruition. Requests come from both the client and the agency.
- **Publishers' attitudes to requests for added value** fall into two camps: Enthusiasts and Resigned-to-its.
- **The number of requests vary markedly** from magazine to magazine, and from ad category to ad category. Print spending by a given ad category is not necessarily a predictor of the number of requests for merchandising.
- **Staff size and availability of money** may determine the nature of the added-value program. Very often, the simple, tried-and-true is the order of the day.

added value?

sure the agencies, who in turn pressure the magazine."

A review of dozens of trade stories on added value seems to validate this current wisdom. In search of the well-spring for this flood of requests, the client often gets fingered. Even so, 62.5 percent of the FOLIO: respondents feel the demand for added value comes from both agency and client. In fact, only 15.2 percent single out the client alone as the source, while 20.5 percent think the demand for added value comes primarily from agencies.

Whatever the source of the added-value phenomenon, when it comes to attitudes toward its seemingly unstoppable growth, publishers break into two decidedly different camps: the "Enthusiasts" and the "Resigned-to-its."

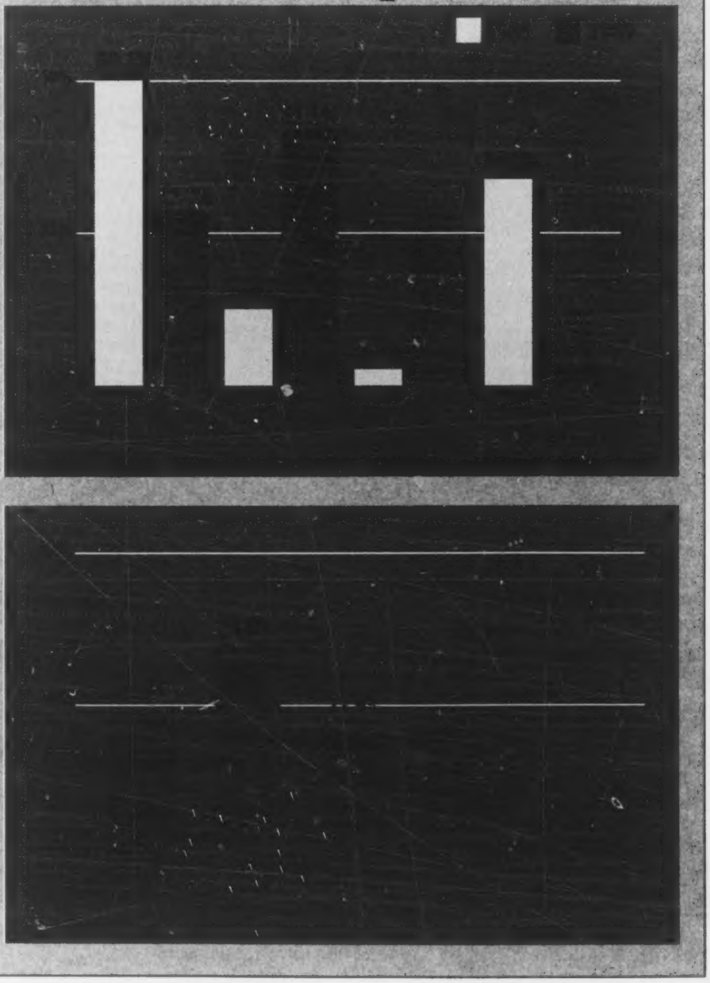
Enthusiasts say things like, "Added value is a terrific opportunity to learn more about your customers' businesses, to strengthen ties, etc."

Resigned-to-its say things similar to this comment by the publisher of a most venerable publication: "More agencies are just fishing for ideas. They have no intention of using your book, but ask you to submit a merchandising proposal anyway just to prove to the client that they really are working diligently."

And, more clients and agencies are making those requests (fishy or otherwise) than ever before. Nearly 90 percent of the respondents report that the percentage of advertisers requesting merchandising ideas has increased since 1985. But a truer measure of the pervasiveness of added value should become apparent from the actual percentage of advertisers making merchandising requests.

Just over half the respondents say less than one-third of their adver-

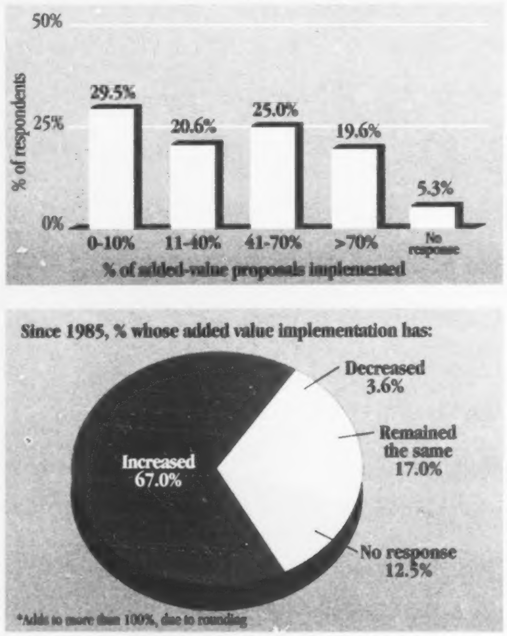
Added value: How pervasive?



How pervasive is added value? For over half the respondents to the FOLIO: *survey, less that one third of their advertisers even make added-value requests. However, these requests have been on the rise since 1985. Also, while 10.7 percent say they received over 200 requests in 1989, four years earlier, no one in this group had topped the 200 mark.*

SONO DESIGN

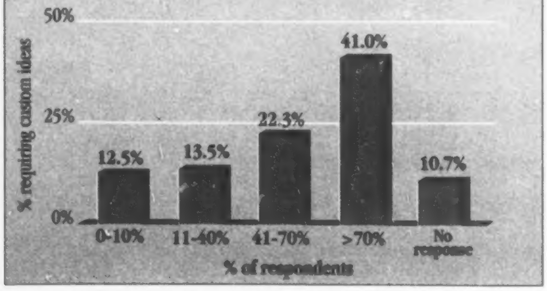
Does added value get implemented?*



*Adds to more than 100%, due to rounding

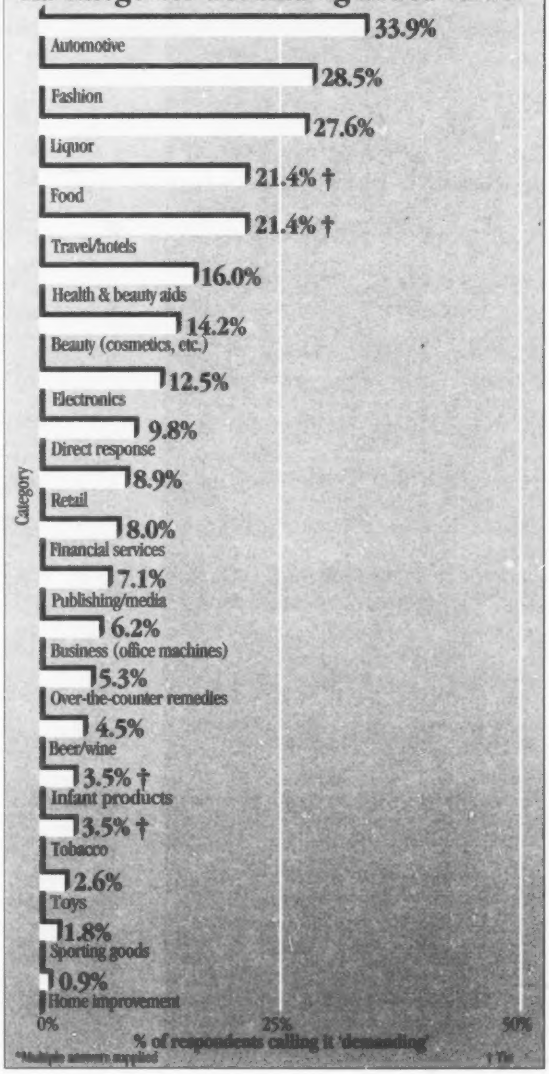
Do advertisers actually use *the hundreds of added-value ideas they receive from magazines? Although the rate of implementation has increased for 67 percent of this sample, nearly one-third estimate that 10 percent or fewer of their ideas are implemented. One-fifth report a better than 70 percent implementation rate.*

What % of your added-value efforts require custom ideas?



The big news here: Over 40 percent *of the respondents say that more than 70 percent of the ideas they come up with require concepts customized to an advertiser's specific marketing needs. That's why developing all-inclusive programs can be risky: You spend 15 minutes on a call describing your programs. The person across the desk says, "Those programs are great, and the client will probably want to take advantage of them. But those are for everybody. What are you going to do for us?"*

Ad categories demanding added value*



*Multiple answers supplied

† Tie

The big surprise here is tobacco ranking 15th *among the "most demanding" categories, given its huge (albeit shrinking) ad expenditures in magazines. Otherwise, except for travel's surprisingly high tie for fourth place with food, added-value demand essentially falls in line with spending.*

tisers ask for added-value ideas; nearly one-quarter say 10 percent or less of their advertisers are asking for added value. That's hardly pervasive. However, "pervasive" may be in the eyes of the recipient. Example:

The publisher who made the "fishing" complaint received 25 requests for merchandising in 1989. Contrast that person's attitude with that of the ad director of a major city publication who received—are you ready?—300 requests for merchandising in 1989. What is this person's feeling about added value? Quote: "A well-executed merchandising program is of great benefit to both the client and the magazine."

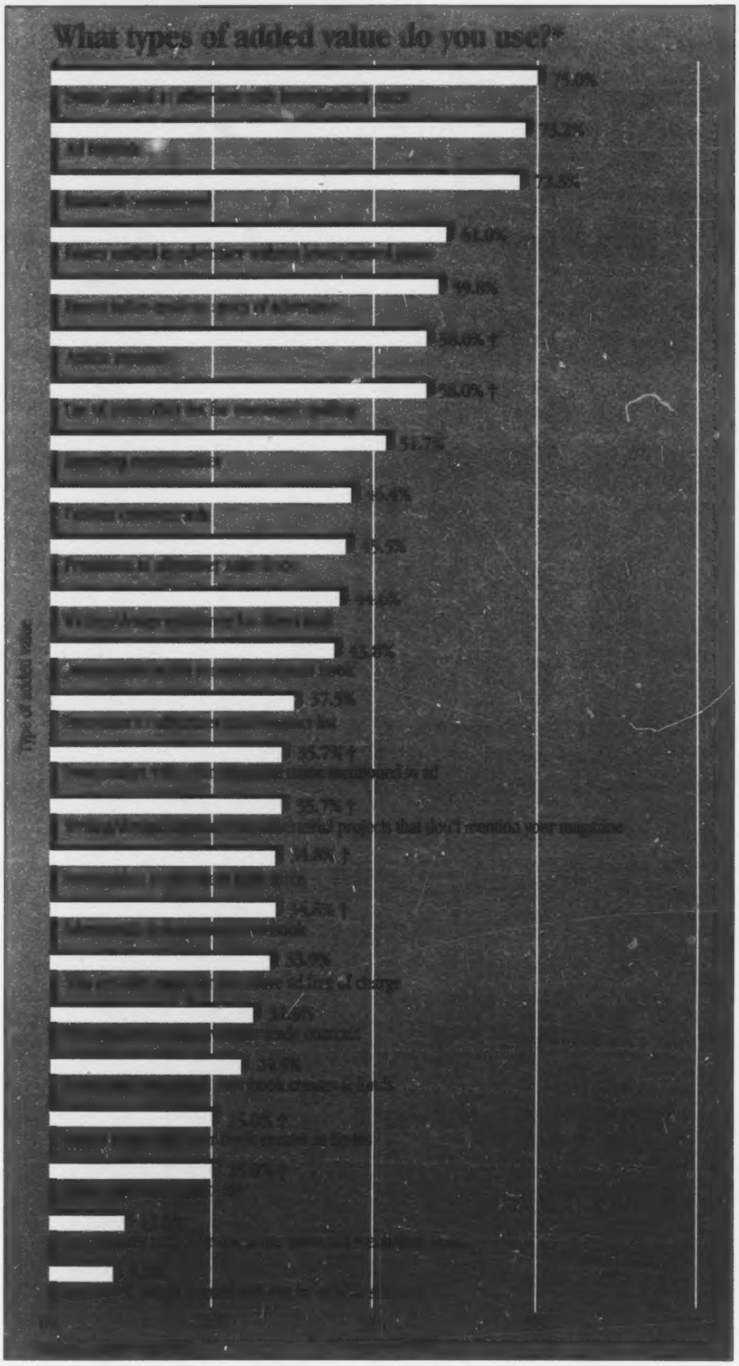
Just as the number of requests can vary wildly from magazine to magazine, even when they are approximately the same "size," some ad categories are considerably more enamored of added value than others. Ironically, print spending by a category does not necessarily determine its demand for merchandising.

"Some advertising categories are considerably more enamored of added value than others."

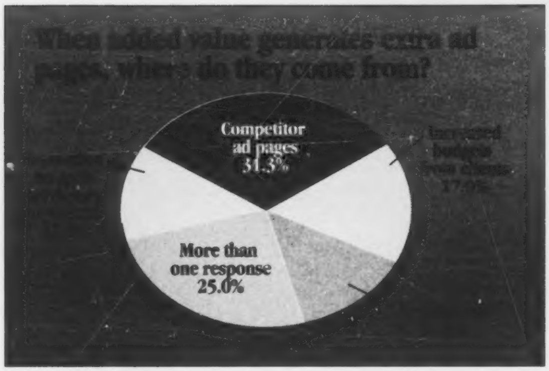
For example, tobacco, although a shrinking ad category, still generated $178,624,112 in print spending, January-July 1990, ranking eighth among the top 10 spenders. Yet it tied for 15th place among the 18 categories named by respondents as making the most requests for merchandising.

Who makes the most demands?

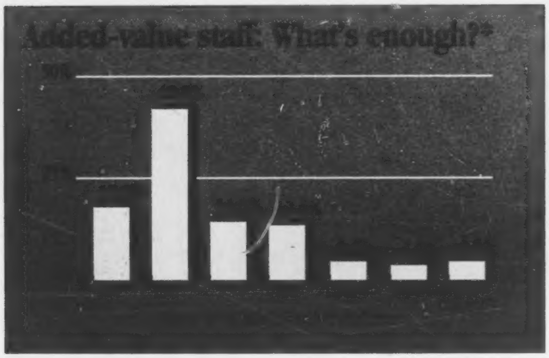
Key print categories like automotive, fashion, liquor and food (in that order) make the most demands for merchandising. Interestingly, almost twice as many respondents cited fashion as demanding added value than cited beauty. With its mega-firm clients complemented by heavy-hitter agencies, one would expect a veritable run on added value in the beauty category versus fashion. However,



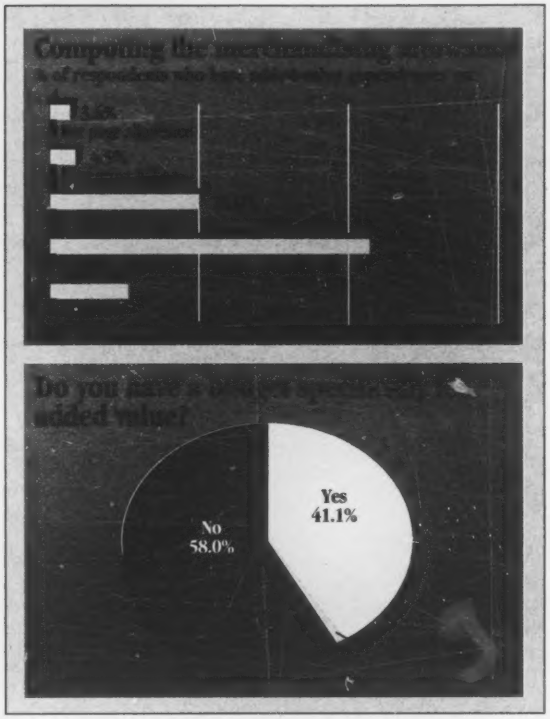
The tried-and-true "laundry list" *of options has apparently not gone out of favor with magazines and advertisers. Often what's easiest to do gets done. "Other" options listed by respondents included co-op advertising in advertisers' trade journals, demographic/marketing research, fund raising for nonprofit organizations as cosponsor with advertiser and interactive phone service. Interestingly, over one-third of the respondents don't blush about putting their names in advertiser sweepstakes ads . . . and they give them the space* free.



***Nearly a third** of the respondents credit merchandising with helping them steal pages from the competition.*



***Average staff size** appears to be two to four. Interestingly, a number of respondents included their sales staff as "working on" added value. No surprise. Salespeople get the requests. They forward them to promotion-type people. They present the ideas. In fact, they often come up with the ideas.*



***Here is an interesting paradox.** Nearly 60 percent of this sample report that they* do not *have a budget to fund added-value efforts. Yet they can indicate how they determine the amount of added-value money an advertiser will receive. Question: If there's no budget, where does the money come from?*

---

entrepreneurs often squeeze the most value out of their money—and fashion, despite some huge companies, continues as a very entrepreneurial enterprise.

To meet added-value demand from fashion and other categories, 61.6 percent of these respondents have increased staff since 1985; 26.8 percent left staff size unchanged; and only one respondent decreased the number of people working on merchandising. How many people does it take to field merchandising requests? For about 18 percent of these respondents, one person can handle the job. The average number is two to four employees, with 42 percent of the sample employing that many people to work on merchandising.

Staff size does not always reflect demand. That major metropolitan magazine quoted earlier employed four people to handle those 300 requests it received in 1989. These folks must be very busy coming up with unique added-value concepts for all those advertisers. Or are they?

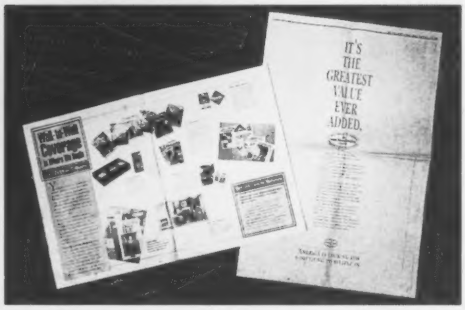
It brings us back to the comparison of the rare mega-partnership extravaganzas versus the day-to-day request mill operated by most magazines. A glance at the list of added-value options offered by publishers, and the percentage who use them, quickly demonstrates that the tried-and-true standards like reprints and issue mailings still get the added value job done in the majority of cases. It really comes down to this:

> **"All publishers, great and small, are now in two businesses, the publishing business and the added-value business."**

The more complicated the concept, the more people it takes to implement it. That's more people at the magazine, more people at the agency, and, yes, more people at the client. It is all well and good to propose an idea that is a masterpiece of cross promotion—but who's going to do the work? Agency staffs are shrinking. Magazine staffs (overall) are shrinking. Suddenly, the do-able becomes more attractive, and "turnkey" becomes the order of the day. And then there is the question of money.

No matter how times change, there continues to be no free lunch. That's probably why nearly two-thirds of these respondents say they sometimes propose merchandising that requires that the client/agency share costs, and over 20 percent do it often. Add to this perhaps one of the most startling findings from this study: 58 percent of the magazines in this sample do not have a budget to fund added value.

As always, the subject of money makes people very closed-mouthed. Nearly 60 percent of the sample did not respond to the question, "What is the average amount of money your book spent on added-value efforts in 1989?" In fact, 42 percent wouldn't even say whether the amount spent on added value overall was larger, smaller, or the same, 1989 versus 1985 (47.3 percent did say the amount was larger).



***Meredith hardly misses** a merchandising trick for advertiser Sherwin-Williams in its* Ad Age *ad, making it clear that it counts itself among the pro-active added-value "Enthusiasts." In its ad in* The New York Times, Good Housekeeping *carts out "old reliable," updating it for the added-value nineties.*

But they did talk about how they determine what to spend. Only 3.6 percent use a per-advertising-page allowance, and only 4.5 percent base their expenditures on a percentage of an advertiser's gross billing. A quarter of the sample does determine expenditures on a percentage of the net billing, but the most favored approach is a "case-by-case basis"—53.6 percent of the respondents.

Of course, the name of the game is pages. So, does added value work, does it get the business? Well, 31.3 percent of this group say added value helps them steal ad pages from competitors; 17 percent feel they increased their share of ad budgets with merchandising; and 13.4 percent believe they've converted customer promotion dollars into ad dollars by offering added value.

And what about the most important place of all, the bottom line? Nearly 60 percent of this group think their bottom lines have benefited by offering added value, and only one-third say not so.

There should be nothing like bottom-line results to convert an added-value Resigned-to-it into an added-value Enthusiast. But if that's true, why does this survey group appear about evenly divided into the two camps? It shouldn't be the money, if added value counts as a good investment. So what is it? In my experience, the Resigned-to-its tend to express their reluctance along these lines: "It seems that, more and more, it is the best promoters and not the best publishers who get the business."

At least for now, it appears that one has to be the best of both.☐

William P. Hogue is the corporate promotion director at Gruner + Jahr USA Publishing, publisher of Parents *and* YM *magazines.*

Methodology

One hundred eighty-four of the 648 consumer magazine executives who received questionnaires responded to FOLIO:'s 1990 added-value/merchandising/marketing survey, resulting in a 28.4 percent overall response rate. Of the total responses, 112 contained sufficient information to be used for tabulation. Questionnaires were sent to advertising directors and marketing directors whose names were pulled from the mastheads of consumer magazines. In cases where no ad or marketing director was listed, the questionnaire was directed to the publisher. The survey was conducted through two mailing efforts in June 1990 and a telephone follow-up in July.

BLOW-INS

PLUS . . .

- READER SERVICE
- BIND-INS
- COVER WRAPS
- OUTSERTS
- DIRECT MAIL

mg

McAdams Graphics Inc.
7330 S. First Street
Oak Creek, WI 53154
414-768-8877

Uncoated paper: Found money

New, higher quality grades of uncoated paper might prove a logical choice for publishers trying to control the bottom line

BY ARTHUR C. VEVERKA

For most publishers, uncoated papers do not constitute a major part of their paper needs. Nevertheless, they are important grades as they represent a lower-cost alternative to the coated grades. Moreover, continuing quality improvements, particularly in the supercalendered grades, are providing ever increasing opportunities to substitute uncoated for coated paper. Given the fact that publishers, more than ever, need to control costs, the development of higher quality uncoated grades bears watching.

A year ago, we indicated several trends that appeared to be emerging in the uncoated grades:

- A shift within uncoated groundwood grades from machine finished (MF) to supercalendered (SC).
- Continuing quality improvements in SC paper.
- A supply/demand balance favoring the buyers—*i.e.*, supply exceeding demand by a significant margin.

How do we view these trends today? The shift away from machine finished grades has started, but the shift has not been all to supercalendered paper. We are now seeing the introduction of soft calendered grades as older paper machines are upgraded and soft calendering technology is adapted.

The quality of SC paper has been improving, but the most dramatic increases in quality are still ahead of us. The next few years should see the introduction of supercalendered grades with high levels of calcium carbonate filler. This will provide a better printing surface, greater opacity and a brighter sheet.

Last, the supply/demand balance may temporarily shift to a more neutral position (vis-a-vis buyers and sellers). Longer term, the outlook will probably still favor the buyer.

For the uncoated paper outlook we will examine two primary grades: uncoated groundwood and uncoated freesheet. Within uncoated groundwood, supercalendered and soft-calendered papers will be addressed separately. From a publisher's viewpoint, the uncoated groundwood grades are the most important, constituting over 58 percent of the total uncoated grades used by the printing industries. The balance is uncoated freesheet, but its share is expected to increase slowly over time in direct response to the growth in commercial printing, where freesheet is favored over groundwood.

Conversely, the printing industry is the most important business segment for uncoated groundwood papers. In 1989, the major end-users were as follows: magazines, 19 percent; inserts/flyers, 25 percent; catalogs, 12 percent; directories, 19 percent; commercial printing, 7 percent; other printing industry uses, 6 percent; and all other uses, 12 percent.

By contrast, the printing industry accounted for only about 22 percent of uncoated freesheet paper usage. A breakdown by major end-use for 1989 shows the following: direct mail, 4 percent; book publishing, 4 percent; commercial printing, 11 percent; other printing industry uses, 3 percent; and all other uses, 78 percent. Magazine usage accounted for only 0.8 percent of the total. The primary nonprinting applications for uncoated

• In summary •

- **Publishers concerned about costs** are looking at uncoated papers, particularly uncoated groundwood, as a lower-cost alternative to coated paper.
- **Because of the economic slow-down** of 1990 and possibly 1991, paper buyers will be in a very favorable position for the next couple of years. Prices for uncoated groundwood may be more negotiable, while prices for uncoated freesheet should remain stable.
- **Demand for uncoated groundwood paper** has two distinct trends: up for the supercalendered segment, and down for the machine finished grades.
- **North American capacity for uncoated groundwood** is expected to increase by only 254,000 short tons through 1993. All of this will come from Canada, which at present supplies 41% of total U.S. uncoated groundwood needs. The total U.S. capacity for uncoated freesheet grades of 12.2 million tons in 1989 is expected to increase by 1.45 million tons in the next year or so.

GREG HALLY

North American uncoated freesheet capacity (1988-1993)

COMPANY	1988 TONS (000)	 % OF TOTAL	1993 TONS (000)	 % OF TOTAL	CHANGE TONS (000)	 % OF TOTAL
TOTAL UNITED STATES (API)	11,897.0	100.0%	13,675.0	100.0%	1,778.0	100.0%
International Paper/Hammermill	1,812.5	15.2%	1,847.5	13.5%	35.0	2.0%
Champion	1,153.0	9.7%	1,373.0	10.0%	220.0	12.4%
Boise Cascade	864.3	7.3%	1,152.3	8.4%	288.0	16.2%
James River (CZ)	791.8	6.7%	791.8	5.8%		
Georgia-Pacific	760.0	6.4%	1,085.0	7.9%	325.0	18.3%
Nekoosa Papers	719.5	6.0%	719.5	5.3%		
Union Camp	579.9	4.9%	869.9	6.4%	290.0	16.3%
Westvaco	481.6	4.0%	281.6	2.1%	(200.0)	-11.2%
Mead	466.9	3.9%	466.9	3.4%		
P.H. Glatfelter/Ecusta	405.4	3.4%	405.4	3.0%		
Simpson Paper (Plainwell)	415.2	3.5%	415.2	3.0%		
Weyerhaeuser	400.0	3.4%	400.0	2.9%		
Stora/Newton/Mohawk	207.6	1.7%	207.6	1.5%		
Finch Pruyn & Co., Inc.	166.1	1.4%	166.1	1.2%		
Potlatch	161.2	1.4%	161.2	1.2%		
Allied Paper Inc.	155.3	1.3%	155.3	1.1%		
Appleton Papers, Inc.	151.4	1.3%	151.4	1.1%		
Fraser	148.0	1.2%	148.0	1.1%		
Pentair Paper Co.	143.9	1.2%	143.9	1.1%		
Temple Inland Inc.	141.5	1.2%	141.5	1.0%		
Willamette Industries	141.5	1.2%	396.5	2.9%	255.0	14.3%
E.B. Eddy Group	140.2	1.2%	140.2	1.0%		
Wausau	127.8	1.1%	127.8	0.9%		
Warren	108.1	0.9%	108.1	0.8%		
Grays Harbor Paper Co.	108.1	0.9%	108.1	0.8%		
Kimberly-Clark Group	102.2	0.9%	102.2	0.7%		
Sorg	98.3	0.8%	98.3	0.7%		
Howard	74.7	0.6%	74.7	0.5%		
Penntech	73.7	0.6%	73.7	0.5%		
Scott Paper Co.	64.9	0.5%	64.9	0.5%		
Lyons Falls Pulp & Paper	61.9	0.5%	61.9	0.5%		
Lincoln Pulp & Paper	49.1	0.4%	49.1	0.4%		
Badger	47.2	0.4%	47.2	0.3%		
Valentine Pulp & Paper	41.3	0.3%	41.3	0.3%		
Fitchburg Paper Corp.	38.1	0.3%	38.1	0.3%		
Kerwin Paper Co.	34.4	0.3%	34.4	0.3%		
Fletcher Paper Co.	29.5	0.2%	29.5	0.2%		
Fox River Paper Co.	29.5	0.2%	29.5	0.2%		
Shawano Paper Mills	29.5	0.2%	29.5	0.2%		
Ward Paper Co.	23.6	0.2%	23.6	0.2%		
Monadnock Paper Mills	21.6	0.2%	21.6	0.2%		
Byron Weston Co.	20.6	0.2%	20.6	0.2%		
Linweave Paper Co.	19.7	0.2%	19.7	0.1%		
French Paper Co.	17.7	0.1%	17.7	0.1%		
Rising Paper Co.	14.7	0.1%	14.7	0.1%		
Crane & Co.	14.7	0.1%	14.7	0.1%		
Potsdam Paper Mills	11.8	0.1%	11.8	0.1%		
George A. Whiting Paper Co.	7.9	0.1%	7.9	0.1%		
NVF Company	7.4	0.1%	7.4	0.1%		
Minnesota Mining & Manufacturing	4.9	0.0%	4.9	0.0%		
Southworth Co.	4.4	0.0%	4.4	0.0%		
Esleek Manufacturing Co.	4.4	0.0%	4.4	0.0%		
Total U.S. Identified	11,698.5		12,911.5			
TOTAL CANADA (CPPA)	1,153.0	100.0%	1,702.0	100.0%	549	100.0%
Domtar Inc.	454.1	39.4%	614.1	36.1%	160	29.1%
E.B. Eddy	128.8	11.2%	128.8	7.6%		
Fraser Paper Ltd.	110.0	9.5%	110.0	6.5%		
Canadian Pacific Forest Products Ltd.	119.9	10.4%	314.9	18.5%	195	
Island Paper	117.9	10.2%	117.9	6.9%		0.0%
Rolland	128.8	11.2%	128.8	7.6%		
Weyerhauser	93.5	8.1%	93.5	5.5%		0.0%
Total Canada Identified	1,153.0		1,508.0			

Note: API - American Paper Institute, CPPA - Canadian Pulp and Paper Association

Source: Jaakko Poyry Consulting

freesheet are business forms and copy paper.

Impact of world events

The demand outlook for all paper grades has been clouded by the Persian Gulf Crisis and the difficulties with the Federal budget. The economic slowdown that we are experiencing will likely extend well into 1991. This is in contrast to last year, when we expected a slowdown in 1990 but a recovery in 1991. In looking at uncoated paper use, we will concentrate on uncoated groundwood and review the likely demand by major end-use category.

Consumption of uncoated groundwood grades for magazines amounted to some 671,000 tons in 1989, a slight increase over 1988. A very modest decline, under 1 percent, is expected for 1990, with a slightly better recovery in 1991. This optimism for 1991 is based on two factors. First, we expect more SC paper to be available because of conversions/upgrades of existing paper machines. Second, publishers who want to improve margins during an economic slowdown are more likely to consider uncoated grades.

Balancing the mix

The mix between coated and uncoated papers used for magazines will probably shift slightly in favor of uncoated paper in the short run because of economic considerations, but for the longer term, coated paper will marginally increase its share from the current 76 percent level.

Directories used just under 660,000 tons of uncoated groundwood papers in 1989. This represents almost a 4 percent increase over 1988. Growth in 1990 and 1991 will be much more modest, averaging less than 2 percent per year. For the most part, directory papers are an unfilled, machine finished grade. The trend in these grades will be in two directions: a move toward lighter basis weights, and a requirement to include some recycled fiber content.

It should be noted that these trends are somewhat at odds with each other. Lighter basis weights require stronger fiber, but recycled fiber is generally weaker than virgin fiber. Producers will need to cope with this dilemma.

Catalogs, like magazines, rely predominantly on coated grades for their paper needs. Image and print quality are the primary driving forces. Currently, three-fourths of all paper used for catalogs is coated. Of the uncoated paper used, some 88 percent is groundwood and 12 percent freesheet. Uncoated demand in 1989 was off almost 3 percent from 1988, and amounted to 431,000 tons. For 1990, demand will remain essentially the same, and will likely experience a very modest uptick in 1991.

Inserts and fliers make up the last of the major end-users for uncoated groundwood papers. Approximately 865,000 tons went for this end-use in 1989. Almost 80 percent of this was supercalendered paper. Growth in this market had been excellent (over 5 percent per year), but slowed considerably in 1989 to

North American uncoated groundwood capacity (1988-1993)

COMPANY	[illegible] TONS (000)	% OF TOTAL	1993 TONS (000)	% OF TOTAL	CHANGE TONS (000)	% OF TOTAL
TOTAL U.S. (API)	1,696.0	100.0%	1,975.0	100.0%	279.0	100.
U.S. PRODUCERS						
Appleton	35.0	2.1%	35.0	1.8%		
Boise Cascade	40.0	2.4%	40.0	2.0%		
Bowater	40.0	2.4%	40.0	2.0%		
Champion	240.0	14.2%	240.0	12.2%		
James River	80.0	4.7%	80.0	4.1%		
Daishowa America	75.0	4.4%	75.0	3.8%		
Fraser Paper Ltd.	145.0	8.5%	145.0	7.3%		
Georgia-Pacific	40.0	2.4%	40.0	2.0%		
Great Northern	270.0	15.9%	226.0	11.4%	(44.0)	-19.5%
Hennepin Paper Co.	20.0	1.2%	20.0	1.0%		
Kimberly-Clark	90.0	5.3%	90.0	4.6%		
Imperial Paper Co.	10.0	0.6%	10.0	0.5%		
Lake Superior Paper Ind.	180.0	10.6%	180.0	9.1%		
Lyons Falls Pulp & Paper	20.0	1.2%	20.0	1.0%		
Madison Paper Co.	175.0	10.3%	175.0	8.9%		
Manistique Paper	35.0	2.1%	35.0	1.8%		
Mead Paper Co.	40.0	2.4%	40.0	2.0%		
Pejapscot Paper	55.0	3.2%	55.0	2.8%		
Seaman Paper	10.0	0.6%	10.0	0.5%		
Total U.S. Identified	1,600.0		1,556.0			
TOTAL CANADA (CPPA)	1,648.0	100.0%	2,225.0	100.0%	577.0	
CANADIAN PRODUCERS						
Abitibi-Price	450.0	27.3%	500.0	22.5%	50.0	8.7%
Boise Cascade Canada Ltd.	270.0	16.4%	320.0	14.4%	50.0	8.7%
Bowater Mercy	10.0	0.6%	10.0	0.4%		
Canadian Pacific	420.0	25.5%	420.0	18.9%		
Consolidated-Bathurst Inc.	420.0	25.5%	420.0	18.9%		
Domtar, Inc.	190.0	11.5%	190.0	8.5%		
F.F. Soucy	55.0	3.3%	55.0	2.5%		
K.C. of Canada	20.0	1.2%	20.0	0.9%		
Kruger Pulp and Paper	15.0	0.9%	92.0	4.1%	77.0	13.3%
Macmillan-Bloedel	440.0	26.7%	440.0	19.8%		
Ontario Paper Co.	20.0	1.2%	20.0	0.9%		
St. Mary's Paper Inc.	160.0	9.7%	160.0	7.2%		
St. Raymond Paper Ltd.	60.0	3.6%	27.0	1.2%	(33.0)	-5.7%
Stone Consolidated	0.0	0.0%	154.0	6.9%	154.0	26.7%
Total Canada, Identified	2,530.0		2,674.0			

Note: API - American Paper Institute, CPPA - Canadian Pulp and Paper Association

the 1 percent range. Prospects for growth in 1990 and 1991 are not expected to improve to any great degree.

In total, the 1989 demand for uncoated groundwood papers was just under 3.5 million tons. The projection for 1990 is 3.67 million tons, with a further increase of some 200,000 tons in 1991. (It should be pointed out that some of the apparent increase between 1989 and 1990 was due to a revision in the Canadian import statistics. Figures for 1990 are based on the new classification method, which increases uncoated groundwood and decreases newsprint. Corrections were made to 1989 data, but they are still under review.)

The forecast for 1991 reflects an economic slowdown lasting through mid-year, with a gradual recovery thereafter. It does not factor in a shooting war in the Middle East. Such an event would probably halve the expected growth. The forecast also reflects our belief that an economic slowdown helps uncoated groundwood grades at the expense of coated grades.

For uncoated freesheet use in the printing industry, commercial printing applications are, and will continue to be, the dominant driving forces. Consumption during 1989 declined by about 75,000 tons (or 2.6 percent) from the prior year to a level of 1,237,000 tons. Two other significant printing industry applications—direct mail and book publishing—also showed modest declines between 1988 and 1989. Together, these usages constitute almost one million tons.

Looking to the future, we can expect uncoated freesheet usage in the printing industry to decline further. Declines in the 1 to 2 percent range are anticipated over the 1990-1991 period. In 1989, total uncoated freesheet demand within the printing industry was 2,560,000 tons. By the end of 1991, we expect that demand will have fallen by about 60,000 tons.

The paper industry is becoming more and more of a global market in which shifting world demands have important effects on U.S. printing and publishing industries.

SC: Quality improvements

Before we look at the supply side of the equation, it is worthwhile taking a closer look at the demand for supercalendered papers. As previously mentioned, the demand for uncoated groundwood papers has two distinct trends—upward for the supercalendered segment and downward for the machine finished part. Use of SC papers is almost exclusively in three end-use areas: magazines, catalogs and inserts/flyers. Between 1988 and 1989, the SC growth in these categories was 10 percent, 5.2 percent and 5.2 percent, respectively. This growth is being fueled by two technological developments. First is the development of soft-nip calendering technology, which has allowed unfilled MF and newsprint grades to be upgraded to SC-C quality levels at reasonable capital investment levels. Furthermore, it has allowed some producers to include filler in their furnish to produce a SC-B quality.

Also, producers of the highest quality SC papers (SC-A) have been increasing filler levels. These levels, in some cases, are over 25 percent and result in a sheet print quality comparable to coated groundwood papers.

Second, experiments using calcium carbonate as the filler material are underway. This will further improve print quality as well as give a brightness increase. It is possible that we will see such a premium grade being offered in 1991.

Because of these technological advances, it is expected that SC grades will continue to take market share from uncoated MF grades. It is too soon to tell if they will have a major impact on coated groundwood grades. As a result, growth of SC papers in the end-use areas cited before will continue to increase at rates similar to the 1988/89 period.

Available supply

The total U.S. production capacity for uncoated groundwoods in 1989 was approximately 1.85 million short tons. The total North American

CIRCULATION
...is our edge.
Responsive copy with improved results is our pledge.

CREATIVE
...marketing is our claim.
Package development gives us fame.

CHEAP
...some may relay.
But, affordable is what they all say.

Copy and design for renewal, billing and direct mail, that's our specialty. If you are in need of creative help, simply clip and mail the coupon below or call Rena Fierszt at (214) 701-9966.

Name__________
Company__________
Address__________
City__________
State__________
Phone__________

Circulation Concepts, Inc.
5440 Harvest Hill Rd., Suite 252
Dallas, Texas 75230
1 (214) 701-9966

capacity for uncoated groundwood is expected to increase by only some 254,000 short tons through 1993. All of this increase will come from increases in Canada's uncoated groundwood capacities. Canada, at present, supplies almost 41 percent of the total U.S. uncoated groundwood consumption needs.

Offshore imports of these grades will probably increase by another 100,000 tons over the next couple years to supply increasing demands for high quality SC papers.

It should be noted that the projected North American capacity increases are somewhat less than had been expected last year. The uncertain economic outlook has caused some projects to be shelved and others to be delayed. The one new machine—Stone Consolidated at Grand Mere—will produce a SC-B grade using the soft-nip calendering technology.

The supply outlook for uncoated freesheet grades differs considerably from that of the uncoated groundwoods. In 1989, the total U.S. capacity for producing uncoated freesheet was almost 12.2 million tons. This capacity is expected to be increased by an additional 1.45 million tons in the next year or so. It is apparent that most of these tonnage increases will be made by U.S. producers. In the case of the uncoated freesheet grades, imports play a very minor role in the overall U.S. supply picture, and this is expected to continue in the future.

The outlook

It is apparent that paper buyers will be in a very favorable position during the next couple of years. With the economic slow-downs of 1990 and possibly 1991, the general paper demands and paper company operating rates are expected to be down. For the uncoated groundwoods, operating rates are expected to decline from 95 percent in 1989 to 93.5 percent in 1991. This will put some pricing pressures on the paper suppliers and offer paper buyers advantages in their negotiations for paper.

A potential negative from the buyer's outlook is the lack of coated groundwood capacity. As noted in last month's article on coated paper, producers should be able to raise prices and improve the profitability picture for the grade. Uncoated groundwood producers, particularly the Canadians who have also suffered because of foreign exchange rates, may well follow their lead. Currently, SC grades are being discounted up to $50/ton in response to discounts on coated groundwood grades.

Operating rates for uncoated freesheet are expected to show a slight reverse trend. In this case, operating rates are expected to increase from an average of 91.2 percent in 1989 to 92.4 percent in 1991. This should produce a relatively stable pricing environment with price increases generally matching inflation.

Altogether, between capacity increases and generally softening paper demands expected during the next couple years, printers and publishers are apt to experience less economic stress associated with buying uncoated paper than they can expect as a result of the postal rate increases of 1991. In looking for ways to cope with rising printing and postal costs, there will be a continuing need to evaluate paper grade options.

The paper industry is becoming more and more of a global market in which shifting global demands may have increasingly important effects on the supply/demand situations facing various facets of the U.S. printing and publishing communities.

In the short term, U.S. paper buyers have a comfortable outlook. In the long term, the unification of Europe and the opening of the Eastern bloc countries may dramatically change this outlook. This may not be all bad news. After all, a unified Europe—with no import/export restrictions between countries and a united currency situation—may offer greater growth potentials for U.S. printers than those offered by the North American markets. Much depends upon how the industry views this future—as either a threat or an opportunity.☐

Arthur C. Veverka is president of Jaakko Poyry Consulting, the Briarcliff Manor, New York-based subsidiary of an international consulting and engineering firm specializing in forest products, printing and print media.

DAVID FOSTER ON CIRCULATION

The hidden bonus in consumer price resistance

"Publishers have a big dilemma," says Peter Armour, vice president of circulation for Conde Nast. "We've been assuming we could pass along upcoming postal increases to consumers. Now I don't see any way to do that."

He is not alone: "There is definitely consumer resistance to increased prices at the upfront racks in supermarkets," says Bob Spillane, former executive vice president of Diamandis Communications, Inc.

At least one major publisher, who wished not to be named, is considering rolling back recent price increases. And still other publishers have had difficulty getting the prices they think represent the fair value of their products. At *Ms.*, for example, initial price tests for a one-year subscription had been for $40, but rollout is scheduled at $25.

'Sticker shock' phenomenon

The "sticker shock" phenomenon appears to be running across the consumer magazine publishing industry, for all types of magazines. "Our testing has turned up varying degrees of price resistance," says Ed Fones, subscription marketing director of Rodale Press. "We have some planned increases, but we're not going up as aggressively as we have in the past couple of years.

"In markets where our magazines are dominant, [represented by titles such as] *Bicycling*, *Runners World* and *Backpacker*, there appears to be less price resistance. With *Prevention*, which has raised its introductory subscription price $1 every year for the past three years, we're waiting to see test results from the December mailings before making a decision."

Consumer price resistance could be a silver-lined opportunity for publishers who are motivated by it to seek niche marketing based on core readership

Industry data presented in the accompanying table show a steep run-up in average prices consumers have paid during the past four years. According to industry data tabulated by Hotline from ABC Publisher's Statements, since 1986 the average price readers have paid for a subscription has increased from $24.01 to $29.93, a jump of $5.92, or 25 percent.

Cover prices have increased even more dramatically, going up from an average of $1.71 to $2.43, an increase of $0.72, or 42 percent. It is important to note that in the case of subscriptions, basic or higher prices are paid for only about 30 percent of subscriptions sold, while 70 percent are sold at lower than basic. Nevertheless, increases in basic price indicate that what readers have been asked to pay has gone up at least at the same rate.

Consumer resistance is now showing up in single-copy sales purchases. According to Hotline's analysis of Fas-Fax for the period ending June 30, 1990, and the supplement, 198 magazines gained in single-copy

Average basic and cover prices, consumer magazines, 1986-89*

	1986**	1987**	1988**	1989**
Average basic	$24.01	$26.95	$27.49	$29.93
Average cover	$ 1.71	$ 1.90	$ 1.95	$ 2.43
% change in basic		12.24	2.00	8.88
% change in cover		11.11	2.63	24.62

*Adjusted for frequency
**ABC period ending December 31 of each year
Source: Hotline database compiled from ABC Publisher's Statements

Readers are resisting. *Over the past four years, the average subscription price increased from $24.01 to $29.93, a 25 percent jump. Cover prices have increased even more dramatically—from an average of $1.71 to $2.43, a 42 percent jump.*

David Foster is president of David Foster & Associates, Inc., publishing consultants, and editor and publisher of Competitive Publishing Hotline.

circulation, but 267 went down.

What is more revealing, 121 magazines failed to file their Publisher's Statements by press time, or were under suspension. As has been widely noted in Hotline and other media, some of the largest single-copy circulation magazines are continuing the erosion of this channel of sales. *TV Guide* was off 4.7 percent, *Reader's Digest* fell 2.2 percent, *Family Circle* went down 12.2 percent, *Woman's Day* deteriorated 5.3 percent, and the list goes on.

Whole categories continue to slide. *Cosmo, Mademoiselle* and *Glamour* all fell, as did women's service magazines and men's style. Many special interest categories, such as cars, mechanics and outdoor, experienced declines in the majority of magazines.

Declining subscriptions

Subscriptions have not been immune to increased price resistance either. "Our price tests are showing falloffs of 50 percent or more," says one circulation director, whose comments are representative of the sentiments expressed by several. "The old rule of thumb that you would lose subscriptions in proportion to the rate at which prices increased doesn't seem to fit now."

Recent test experience reported by those interviewed appears to be supported by trends revealed in industry data. Data suggest that a greater proportion of subscriptions is being sold at lower than basic price. Generally, publishers rely on discounts to attract new subscribers in direct-to-publisher sources. When coupled with cuts in the absolute number of subscriptions sold, the trend suggests either that price is being used to lure readers with marginal interest, or publishers aren't pushing renewals to full basic so quickly.

In the face of postal hikes scheduled for February 1991 (expected to exceed 20 percent for most publishers), consumer price resistance, whether due to pockets of recession or lack of buying confidence, couldn't have set in at a tougher time.

In past years, it was possible to shift the burden of increased pricing back and forth between advertising and circulation revenue streams. In the current advertising environment, no one is hinting at this possibility. Consumer resistance to increased circulation prices may mean deep cuts in magazine profitability during 1991.

Depending on the magazine, strategies that are used to overcome price barriers to purchase include the following:

1. Cutting rate base.
2. Relying more heavily on agency sources for subscriptions sold.
3. Taking the "sting" out of price by resorting to varying term; selling more at discount; using editorial or other premiums; or increased use of sweeps.
4. Rolling back price.
5. Stepping up the effort to increase the value of each subscriber by selling other items, such as ancillary products, clubs and the like.

Weekly magazines probably have greater flexibility in utilizing such strategies than publications of lesser frequency. One circulation director of a newsweekly, who wished not to be quoted, told Hotline that the mix of premiums, discounts and variations in term was being juggled to overcome price resistance, and that a clear pattern indicating a barrier had not yet emerged.

"The old rule of thumb that you would lose subscriptions in proportion to the rate at which prices increased doesn't seem to fit now."

A weak crutch

During the period of 1986-1989, publishers did not come to rely more heavily on editorial or premiums to take the sting out of increased prices. They did, however, come to rely more heavily on agency-sold subscriptions. By diverting the reader's attention away from price through the use of sweepstakes and combination package buys with other magazines (characteristics of PDS and Cash Field sources), magazine publishers put less money at risk in direct mail, but sacrificed future circulation profits from renewals.

It should be noted that those magazines pushing editorial or premiums stayed pretty constant, suggesting that the presence of such devices may be primarily a matter of marketing philosophy, or appropriateness to a particular magazine.

The hidden dimension in subscription selling, however, is sweepstakes. Since sweepstakes are included in the Publisher's Statement under paragraph 5a, mail and/or direct request, there is no information that tells how much the industry has come to rely on sweepstakes in particular to generate subscriptions. But Hotline's estimate is that sweepstakes may be a dominant factor for many magazines.

In addition to the increased reliance on direct mail agency stamp sheets, many companies have come to use sweepstakes for most, and in some cases all, of their new business acquisitions. Family Media, Time Warner, Reader's Digest Association and The New York Times Company are representative of the largest publishers that now rely extensively on sweepstakes.

In many cases, even renewals are now based on this kind of sell. While publisher-sold sweeps are an option for large companies, this option is out of reach for many of the smaller ones—which at best are confined to scaled-down versions.

How long?

How long the apparent consumer price resistance will last is a question. But trying to change price in an economic climate characterized by general consumer uncertainty and increased lack of confidence probably just reminds consumers of their fears and exacerbates a situation that is already bad.

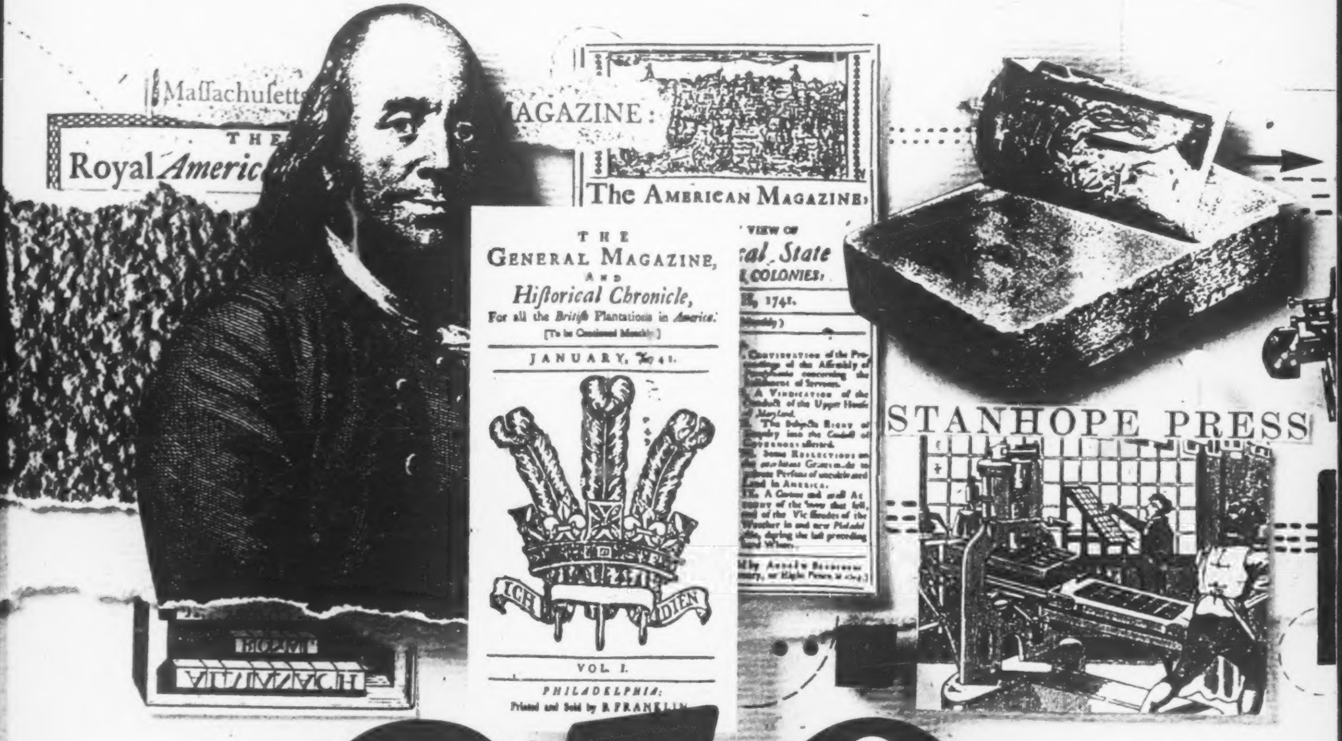
Nonetheless, such price resistance on the part of consumers could be a silver-lined opportunity for publishers who use it as an impetus to pursue niche marketing based on core readership. In such circumstances, circulation price could become a tactic that brings circulation levels in line with advertiser targeting requirements, and reduces publishers' costs.☐

Folio:

SPECIAL ANNIVERSARY ISSUE

A Publication of The Hanson Publishing Group, Inc

MARCH 1, 1991 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50


Maſſachuſetts
THE
Royal Americ
MAGAZINE
The AMERICAN MAGAZINE
VIEW OF
cal State
COLONIES
1741.
THE
GENERAL MAGAZINE,
AND
Hiſtorical Chronicle,
For all the Britiſh Plantations in America.
[To be Continued Monthly.]
JANUARY, 1741.
ICH DIEN
VOL. I.
PHILADELPHIA:
Printed and Sold by B. FRANKLIN.
STANHOPE PRESS

CELEBRATING 250 Years of Magazines

SPECIAL ANNIVERSARY ISSUE

March 1, 1991

CONTENTS

250TH ANNIVERSARY

Magazines: A fundamental importance 67

The ways we were 69
Capsule histories of the men and women who made it all happen

Today's movers and shakers 74
FOLIO:'s gallery of magazines' living legends

Trading places 79
A history of business magazines in America

Selling ourselves 93
Learning the lessons of magazine advertising

Delivering the goods 132
A pictorial look at the history of circulation

That was then . . . this is now 136
The top 40 consumer magazines, 1914 and 1990

A movable feast begins with movable type . . 138
Production and printing since 1447

The Century Club 145
43 magazines with staying power

Looking back, looking ahead 147

Back to the future: Part two 149

UPDATE

Ad network explored by area business titles. 31

Tighten that belt; hard times are here. 32

***Colour* eschews** black/white ads. . . . 34

***Texas Highways* pays** toll for ride with Visa/MasterCard. 36

Cable network launches title via TV. . 37

Murdoch offers advertisers cash back. . 39

Court ruling obligates press to screen. . 40

Consumer, trade titles tie marketing knots. 42

Canadian tax prompts Starlog to beam out 46

DEPARTMENTS

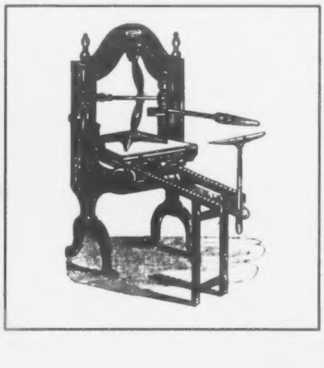
Briefings 7

Update 11

Letters 55

Calendar 61

Classified 159



How can a network help our editors?
Does a scanner make sense for our photos?
Should we consider desktop publishing?
Why can't our in-house shop handle our work?
Where do we get good production editors?
How does Unix fit our operation?
Should we publish on optical disks?
What should we pay for a Mac setup?
Can we deliver our pages via fax publishing?
How should our product database be constructed?
Why do our PC pages cost more than type shop repro?
What kind of computer tools do editors need?
Should we create illustrations by computer?
How do we link publishing with CAD/CAM?
Can our publishing system also produce slides?
How do we plan our electronic copy flow?
How do we get out from under a nightmare installation?
What new production trends will affect our operation?
Should we outsource our comp and prepress work?
What's the best word processor for publishing?
How do we get started with electronic cameras?
What are pre-galleys, and how do we make them?
Where do I buy a local area network?
How competitive—and stable—are our suppliers?
How should we wire our intelligent building?
What are reasonable costing and pricing strategies?
How do we create a corporate Publishing Center?
What's Structured Query Language (SQL)?
Should we experiment with multimedia?
How can we sue our systems vendor...and win?
How much does a production manager make?
Why should we convert to PostScript?
Can smart binding help our ad sales?
How do we build an electronic forms strategy?
How should we interface to our prepress shop?
Why do we need in-house color proofing?
Who should run our production operation?
How do we establish an electronic morgue system?
Should we publish our catalog via hypermedia?
How can we add images to our on-line retrieval system?
Who's going to support all this stuff?
When should we consider desktop color scanning?
How do we package and sell our new software?
Will a spelling checker save us money?
How do we backup our network data?
What's the best pagination approach for our work?
What will the next generation of computers do?
Where do we go for training?
How much access security software do we need?
How can we fix our crashed disk?
What kind of laptops should our people get?
What should we know about buying PostScript repro?
What's the best implementation scheme for our system?
How can we cost-justify new technology?
How do we diagnose LAN problems?
Should our in-house shop sell type outside?
What do we need to know about laser imaging?
What's SGML, and do we need it?

THE GRAPHICS RESEARCH LAB
ACCESS LINE
800-252-5880
Jack Powers' media technology research and consulting service for publishing professionals. $3.00 per minute, half-hour minimum, billed to your VISA, MasterCard or American Express.
Interactive Features Inc. 28½ Cornelia St, NY 10014 FAX 212-727-8450

Folio:
THE MAGAZINE FOR MAGAZINE MANAGEMENT
Vol. 20 No. 3

Editorial Director: Sean Callahan; Executive Editor: Toni L. Apgar; Editor: Barbara Love; Editor at Large: Karlene Lukovitz; News Editor: Alan E. Sanderfoot; Deputy Managing Editor: Suzanne Zelkowitz; Copy Director: Deborah Schwab; Editorial Production Manager: Holly Wallinger; Senior Writers: Lisa I. Fried, John Masterton; Staff Writers: Susan Hovey, Cary Peyton Rich, Tony Silber; Tech Trends Editor: Liz Horton; Assistant Editors: Zakia Hyder, Ellen Tulin; Copy Editor: Suzann D. Silverman.

Design Director: Lowry Thompson; Senior Art Director: Joseph Ulatowski; Art/Production Manager: Katherine Marciante; 250th Anniversary Section Art Assistant: Mimi Burroughs; Marketplace Coordinator: Jody Marks Murphy.

Associate Publisher: Peter M. Goldstone; Group Advertising Director: Shirley Sax; Advertising Account Executives: Melanie S. Janowsky, Peggy Anne Schecter, Scott Schwadron; Director of Advertising Development: Robin Altman.

Marketing Services—Sales Operations Manager: Gloria Williams; Sales Manager: Maureen Mollahan; Marketing Services Representatives: Mary Crawford, Mort Kramer, Karen Putrimas, Rosalind Flans, Beth Saar, Dorothy Smith, Nancy Tillson, Michelle Weber, Judith Wiley.

Corporate Promotion Director: Joanne Fitzsimmons; Promotion Production Manager: Randi Slusky; Promotion Manager: Nancy E. Kappas; Assistant Promotion Manager: Nora Sikes.

Group Production Director: Roberta Thomas; Group Manufacturing Manager: Patricia K. Raddock; Group Manufacturing Coordinator: Terri R. Ballester; Advertising Traffic Manager: Nancy Gebhardt; Production Systems Manager: Catherine A. Vitti.

Corporate Circulation Director: Lynn C. Bushell; Associate Circulation Director: Jeffrey Hartford; Reader Service Coordinator: Lauren Munro.

Manager of Conferences and Expositions: Pamela Dimond; Exposition Services Director: Edie Gardner; Director/Conference Development: Carol Harrison.

Cowles Business Media Chairman and CEO: Hershel B. Sarbin; The Hanson Publishing Group, Inc., President and COO: William J. Ryan; Vice President/Group Publisher: Bill Holiber; Vice President/Marketing Services: Ellen Ziperman; Vice President/Planning: Ellen Shannon.

Chairman of the Editorial Board: J. J. Hanson

FOLIO: THE MAGAZINE FOR MAGAZINE MANAGEMENT is published 12 times per year. In addition to the 12 regular monthly issues, FOLIO: SourceBook is published annually. Copyright © 1991 The Hanson Publishing Group, Inc. FOLIO: THE MAGAZINE FOR MAGAZINE MANAGEMENT is published by The Hanson Publishing Group, Inc., 6 River Bend, P. O. Box 4949, Stamford, CT 06907-0949. 203-358-9900. Fax: 203-357-9014. And 232 Madison Ave., Suites 1500 (Editorial) and 1409 (Advertising), New York, NY 10016. 212-683-3540. Faxes: 212-683-3986 (Editorial) and 212-683-4072 (Advertising). For reprint information, contact Laura Selway, ext. 343. Minimum—100 reprints.

The Hanson Publishing Group, Inc., an affiliate of Cowles Media Company, also publishes Catalog Age, Inside Media, FOLIO:'s Publishing News and Direct.

Subscriptions: U.S.—1 year (12 issues), $68; 2 years (24 issues), $108; 3 years (36 issues), $143. Canada and Mexico—1 year (12 issues), $82; 2 years (24 issues), $132; 3 years (36 issues), $172. Foreign (air only)—1 year (12 issues), $144; 2 years (24 issues), $270; 3 years (36 issues), $384. Single copies of most past issues, $8. Special issues cost more. European subscriptions: Euromedia Amsterdam, Euromedia Projekten, Leidsegracht 94, 1016-CS Amsterdam, The Netherlands. Postmaster: Please send address changes to FOLIO:, P. O. Box 4294, Stamford, CT 06907-0949. ISSN 0046-4333. Second class postage paid at Stamford, Connecticut, and additional entry points.

ABP The Audit Bureau Member MPA

Collier's
THE NATIONAL WEEKLY

That was then . . .

1914 was the ABC's first year, and *Woman's World* tops the complete 40-member list of charter members with just over two million circulation. (Magazines' circulation ranking is based on the earliest available audited figures for each.)

Title	Circulation	Single-copy price
Woman's World	2,040,525	5 ¢
*McCall's Magazine	1,254,576	5
*Cosmopolitan	993,100	15
Pictorial Review	986,645	15
Ladies' World	964,651	10
People's Home Journal	888,804	5
Home Life	866,428	5
Woman's Home Companion	794,837	15
Today's Magazine	766,370	5
Collier's Weekly	744,160	5
Needlecraft	713,197	5
Housewife	511,821	5
McClure's Magazine	480,123	15
Modern Priscilla	444,232	10
Youth Companion	418,492	5
American Magazine	381,070	15
Christian Herald	379,307	5
Leslie's Weekly	368,332	10
Munsey's Magazine	325,984	15
*Red Book	321,360	15
Metropolitan	317,763	15
System	140,013	20
World's Work	134,479	35
Physical Culture	111,465	15
Outlook	108,008	10
Scribner's Magazine	102,041	35
Current Opinion	75,948	25
Century Magazine	68,985	35
St. Nicholas	64,699	25
Independent	59,348	10
National Sportsman	50,730	15
Theatre Magazine	44,590	35
Southern Woman's Magazine	11,949	10
Canada Monthly	N/A	N/A
Country Life in America	N/A	N/A
Die Abendschule	N/A	N/A
Fra	N/A	N/A
*Philistine	N/A	N/A
*Sunset Magazine	N/A	N/A
Vogue	N/A	N/A

*Magazines still in existence today
N/A: Figures not available

Source: Audit Bureau of Circulations

WOMAN'S HOME COMPANION
MARCH 1912
FIFTEEN CENT
SPRING
FASHIONS

THE TOP FORTY CONSUMER MAGAZINES

. . . This is now

In 1990, a 22-million-circulation title tops the list of the ABC's 662 consumer magazine members. These are the top 40, ranked according to ABC circulation figures for the first six months of 1990.

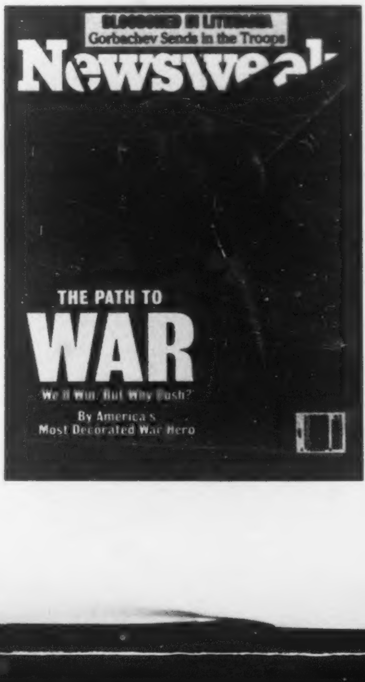
Title	Circulation	Single-copy price
Modern Maturity	22,443,464	$ -- **
NRTA/AARP News Bulletin	22,105,308	-- **
Reader's Digest	16,396,919	1.89
TV Guide	15,837,064	.75
National Geographic	10,182,911	2.65
Better Homes & Gardens	8,002,895	1.75
Family Circle	5,159,147	1.09
Good Housekeeping	5,105,094	1.95
McCall's	5,011,473	1.75
Woman's Day	4,612,833	1.09
Time	4,256,604	2.50
Guideposts	4,131,548	.95
National Enquirer	4,019,187	.85
Redbook	3,947,106	1.95
Star	3,615,692	.79
Sports Illustrated	3,507,627	2.75
Playboy	3,436,471	4.00
Newsweek	3,227,522	2.50
People Weekly	3,176,166	1.95
Prevention	3,025,746	1.95
The American Legion Magazine	2,858,405	2.00
First for Women	2,764,667	1.25
Cosmopolitan	2,714,639	2.50
U.S. News & World Report	2,319,591	1.95
Smithsonian	2,295,985	2.50
Southern Living	2,295,241	2.50
Glamour	2,210,938	2.50
Field & Stream	2,006,253	1.95
Money	1,959,228	2.95
NEA Today	1,915,891	-- **
Motorland	1,902,234	.50
Ebony	1,887,595	2.00
Home & Away	1,882,064	1.00
V.F.W. Magazine	1,861,182	1.50
Popular Science	1,820,471	2.00
Seventeen	1,754,194	1.95
Parents Magazine	1,751,839	1.95
Country Living	1,750,187	2.50
Life	1,734,105	2.95
Penthouse	1,700,964	4.50

**Part of membership fee

Source: Audit Bureau of Circulations, "FAS-FAX Report," June 30, 1990

Gorbachev's Darkest Hour (So Far)
TIME
THE BEST OF '90
Yes, Bart, even you made the list

GLAMOUR
LOVINGEST VALENTINES
KISSIEST LIPS
SEXIEST SEX ADVICE
SAVVIEST HAIRCUTS
DEADLIEST LOVE STORY


BLOODSHED IN LITHUANIA
Gorbachev Sends in the Troops
Newsweek
THE PATH TO WAR
We'll Win. But Why Rush?
By America's Most Decorated War Hero

Production Special Report . . . page 71

Folio:

APRIL 1, 1991 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

Discounts for barcodes

This spring, the USPS will propose a one- or two-cent discount for barcoded flats. But not everyone will be in a position to benefit. 16

Myers, MPA make up?

After exchanging harsh words, Myers Marketing and the MPA have come to terms with an advertising study that upset the magazine industry. 22

Lifting ad sales

Super salesmen like *Computerworld*'s Kevin Harold explain how to press your advantage and pump up sales in a recession. 58

Cooking up picture ideas

The increased emphasis on eye-catching graphics means photography is getting serious—although not humorless—attention. Former *Life* and *People* photographer and picture editor John Loengard dispenses some wit and wisdom for inspired picture editing. 64

Beating the recession . . . page 58

April 1, 1991

Push!-ing their way into publishing 47
Oooh, these guys are smooth, and so is their magazine. Are they just old hippies with money, or creative geniuses?

¿Que pasa?
One hot magazine, señor 40
Chile Pepper taps into the gourmet niche, following a philosophy of "slow and steady wins the race."

The computer has ears 51
List fulfillment the fast and easy way, or how to get salespeople off the computer and out selling.

PRODUCTION SPECIAL REPORT
Tips on cutting production costs; ways printers and publishers are teaming up for greater efficiency and higher quality; the results of FOLIO:'s comprehensive production survey—and more. 71-85

UPDATE

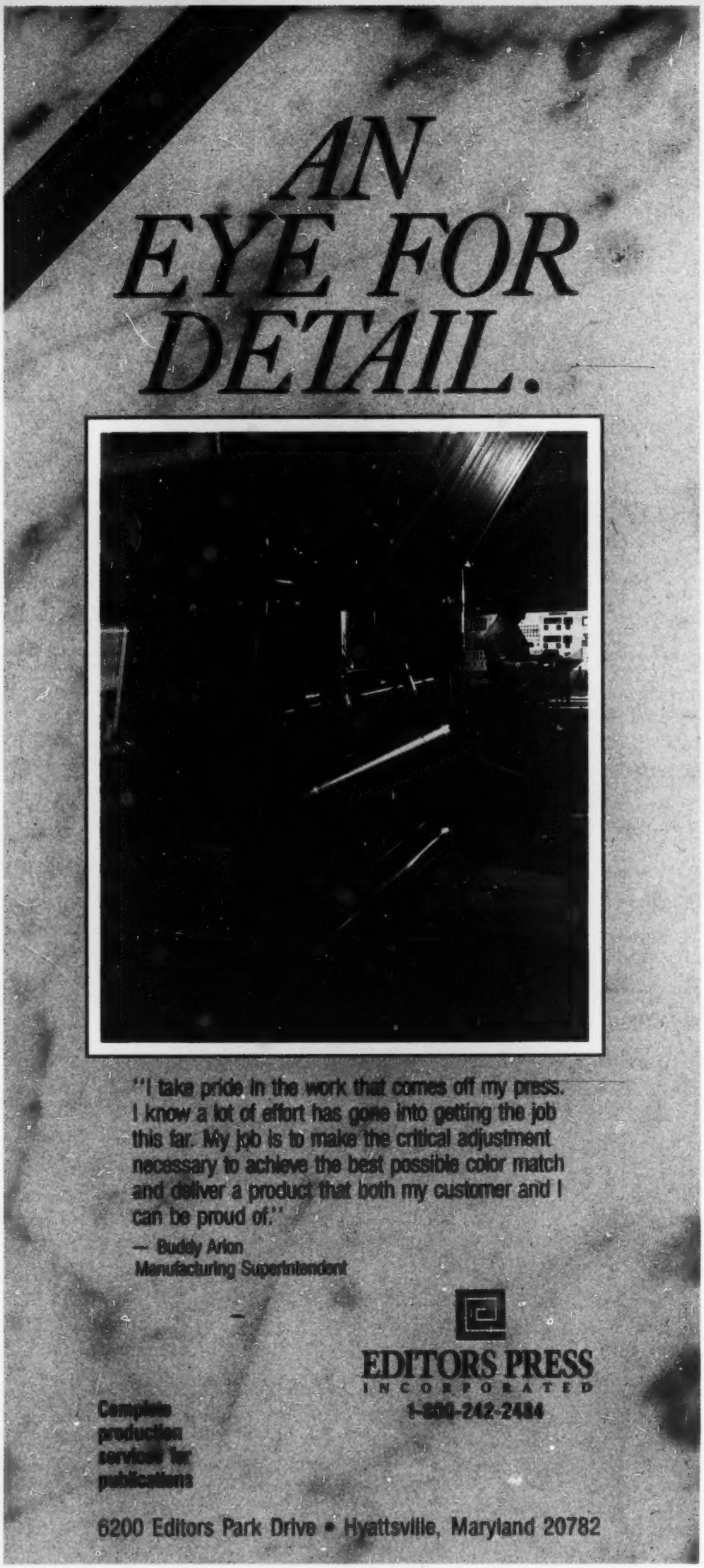
Peter Diamandis takes a piece of Donnelley Marketing. 26
***Firehouse* delivers** sure-fire sales leads. 27
Big-time plans for small-town titles. 30
Turning salespeople into marketers. 31
Magazines must prepare for post-recession changes. 32
Publishers rethink ad comp. 33
Despite the economy, it's 'go' for launch. 34

COLUMNS

Using color to carry the message, by Jan White. 86
Having it all: Paid and controlled, by John Klingel. 91
The new postal order, by Robert Brinkmann. 95
Keep your rates ship-shape, by Kenneth M. Nelson. 102

DEPARTMENTS

Briefings 7
Joe Hanson on Magazines 12
Letters 14
Update 16
Magazine People 37
Magazine Watch 47
List Watch 51
Calendar 56
Classified 114
Noteworthy 128



AN EYE FOR DETAIL.

"I take pride in the work that comes off my press. I know a lot of effort has gone into getting the job this far. My job is to make the critical adjustment necessary to achieve the best possible color match and deliver a product that both my customer and I can be proud of."

— Buddy Arion
Manufacturing Superintendent

EDITORS PRESS
INCORPORATED
1-800-242-2484

Complete production services for publications

6200 Editors Park Drive • Hyattsville, Maryland 20782

Circle no. 38 for more information

Vol. 20 No. 4

Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

Editorial Director: Sean Callahan; Executive Editor: Toni L. Apgar; Editor: Barbara Love; Editor at Large: Karlene Lukovitz; News Editor: Alan E. Sanderfoot; Deputy Managing Editor: Suzanne Zelkowitz; Copy Director: Deborah Schwab, Editorial Production Manager: Holly Wallinger; Senior Writers: Lisa I. Fried, John Masterton; Staff Writers: Susan Hovey, Cary Peyton Rich, Tony Silber; Tech Trends Editor: Liz Horton; Assistant Editors: Zakia Hyder, Ellen Tulin; Copy Editor: Suzann D. Silverman.

Design Director: Lowry Thompson; Senior Art Director: Joseph Ulatowski; Art/Production Manager: Katherine Marciante; Marketplace Coordinator: Jody Marks Murphy.

Associate Publisher: Peter M. Goldstone; Group Advertising Director: Shirley Sax; Advertising Account Executives: Melanie S. Janowsky, Peggy Anne Schecter, Scott Schwadron; Director of Advertising Development: Robin Altman.

Marketing Services—Sales Operations Manager: Gloria Williams; Sales Manager: Maureen Mollahan; Marketing Services Representatives: Mary Crawford, Mort Kramer, Karen Putrimas, Rosalind Flans, Beth Saar, Dorothy Smith, Barbara Goroff, Judith Wiley.

Corporate Promotion Director: Joanne Fitzsimmons; Promotion Production Manager: Randi Slusky; Promotion Manager: Nancy E. Kappas; Assistant Promotion Manager: Nora Sikes.

Group Production Director: Roberta Thomas; Group Manufacturing Manager: Patricia K. Raddock; Group Manufacturing Coordinator: Terri R. Ballester; Advertising Traffic Manager: Nancy Gebhardt; Production Systems Manager: Catherine A. Vitti.

Corporate Circulation Director: Lynn C. Bushell; Associate Circulation Director: Jeffrey Hartford; Reader Service Coordinator: Lauren Munro.

Manager of Conferences and Expositions: Pamela Dimond; Exposition Services Director: Edie Gardner; Director/Conference Development: Carol Harrison.

Cowles Business Media Chairman and CEO: Hershel B. Sarbin; President and COO: William J. Ryan; Vice President/Group Publisher: Bill Holiber; Vice President/Marketing Services: Ellen Ziperman; Vice President/Controller: Douglas J. Manoni.

Chairman of the Editorial Board: J. J. Hanson

FOLIO: THE MAGAZINE FOR MAGAZINE MANAGEMENT is published 12 times per year. In addition to the 12 regular monthly issues, FOLIO: SourceBook is published annually. Copyright © 1991 Cowles Business Media. FOLIO: THE MAGAZINE FOR MAGAZINE MANAGEMENT is published by Cowles Business Media, 6 River Bend, P. O. Box 4949, Stamford, CT 06907-0949. 203-358-990. Fax: 203-357-9014. And 232 Madison Ave., Suites 1500 (Editorial) and 1409 (Advertising), New York, NY 10016. 212-683-3540. Faxes: 212-683-3986 (Editorial) and 212-683-4072 (Advertising). For reprint information, contact Laura Selway, ext. 343. Minimum—100 reprints.

Cowles Business Media, an affiliate of Cowles Media Company, also publishes Catalog Age, Inside Media, FOLIO:'s Publishing News and Direct.

Subscriptions: U.S.—1 year (12 issues), $68; 2 years (24 issues), $108; 3 years (36 issues), $143. Canada and Mexico—1 year (12 issues), $82; 2 years (24 issues), $132; 3 years (36 issues), $172. Foreign (air only)—1 year (12 issues), $144; 2 years (24 issues), $270; 3 years (36 issues), $384. Single copies of most past issues, $8. Special issues cost more. European subscriptions: Euromedia Amsterdam, Euromedia Projekten, Leidsegracht 94, 1016-CS Amsterdam, The Netherlands. Postmaster: Please send address changes to FOLIO:, P. O. Box 4294, Stamford, CT 06907-0949. ISSN 0046-4333. Second class postage paid at Stamford, Connecticut, and additional entry points.

ABP

The Audit Bureau
Member

MPA

Mining the recession for sales

Finding new profit strategies is as simple as following these 10 steps

BY JENNIFER HOWLAND

There's no denying that the current economic situation is "ugly," in the words of Peter Craig, president of Magazine Consulting Group. But that doesn't mean all you can do is grit your teeth and close your eyes until it's over. Recessions end faster than they begin, and aggressive publishers are taking steps now to position themselves for the coming uptick.

Can't afford any "investment spending" right now, you say? Time to focus on cutting back, not growth? The advice of your colleagues is to look up from the ledger and take advantage of the situation. "If you pull back, cut those promotions, fire salespeople trying to save one or two dollars, you may not be able to recover quickly enough when the economy turns around," says Craig.

Make it work *for* you

What "golden opportunities" are hidden in this recession? First, it's an ideal time to find the strong and weak points in your sales team, an exercise that will strengthen the entire sales operation, making it more competitive as times improve.

"Sometimes, when business is good, you don't really know why it's good," comments Kevin Harold, senior vice president of sales for *Computerworld*. "Everything is a given. But in bad times, qualities are thrown in bold relief. Weaknesses become stark. But you can also recognize the jewels and hold them up."

Second, bad economic times provide the opportunity "to do things that should have been done in the first place," said magazine consultant Walter Joyce, some months before his death. "That office in Pittsburgh that isn't really economically viable even in good times—now you have the excuse to close it."

Recessions actually give managers a chance to stop and think about what makes sense, instead of doing what's always been done. At *Mirabella* both ad and editorial staffs used to attend the prestigious couture collections in Europe, but this year, editors went alone. Says Julie Lewit-Nirenberg, publisher, "During the collections, the designers really want to see the editorial people. Having the salespeople there is a luxury, since they can't really make sales calls. So we had them go two weeks later to make calls. It was a better use of their time."

Third, down times do create new sales opportunities, and it's important to look for them, notes Jeff Smith, advertising director of *Crain's New York Business*. "Things are slowing, yes, but things are also changing," he comments. Companies whose lending institutions have gone out of business or tightened their loan requirements, for instance, may be looking for new ones. Accounting firms that close their doors present new opportunities for their competitors. "It's a good time to get your message out there," he concludes.

What steps are publishers taking to tackle this economy and improve or maintain business? Here are 10.

1 Take a refresher course in Selling 101

Get back to basic selling strategies during down times. "You have to get as close to your customer as possible," says Smith. And that means seeing people face to face. "You just can't do this with the fax and the phone." Salespeople have to find out advertisers' marketing and direct mail plans, and "see if we can help," he says. "You have to be informed and knowledgeable. Join industry associations, learn about your specific territories." Smith urges salespeople to get "full coverage" of their clients, to get to know the media planner on up to the CEO. If it's a large company, ask for referrals from one division to another, he suggests.

And, he cautions, *don't* talk about how things are going internally

We're digging deeper into existing business, rather than going after new ad product categories.
—John Wickersham, President, Bill Communications.

WENDY BARROWS

at your own company. "Customers don't want to hear your problems. You have to be focused on them."

Adds Don Vergara, director of sales and marketing for Telemedia U.S., an economy like this requires "a lot of hustling. You have to work harder, faster, to stay a step ahead of the competition, and you have to stay visible," he counsels.

2 Develop a team spirit

To keep up morale, keep open the channels of communication. "As a manager, you have to understand the situation your salespeople are in, and make everyone realize you're all in it together" says *Mirabella*'s Lewit-Nirenberg. "That helps morale tremendously."

"You have to communicate more personally with your staff," says Josh Gordon, of Gordon & Associates, a sales rep firm. "Don't close your door." Listen to problems, but don't commiserate with your sales staff. Instead, he says, "Offer a motivational, inspirational dialogue."

Most important, notes Lewit-Nirenberg, is to tell your sales force not to discuss the poor economy when they are in a client's office. "I don't want anyone going into a client's office and talking about how bad it is out there," she says. "The client's been around, and we have too. Businesses survive recessions. You want to figure out how you and the client can move forward together."

It can be surprising who advertises in a recession, says Amy Rappeport, publisher of *New York Woman*. "Sometimes, people who seem to have the least amount will tap into additional resources because they have someone there with a strong belief in this being an opportunity."

This may be harder for younger salespeople who haven't survived a recession, adds Lewit-Nirenberg. "People who haven't been through it don't know how to deal with it."

At *Computerworld*, Harold conducted a strength/weakness analysis with his sales force. "We went through and listed all the strengths and weaknesses of the publication.

JON GOELL METROWEST WMCA

In bad times, strengths and weaknesses are thrown in bold relief.
—Kevin Harold, Senior Vice President of Sales, Computerworld

There were 36 of them. Then we went through them again to make sure we understood what we were talking about. After that, we prioritized them in sets of three, until we had isolated the three greatest strengths and the three greatest weaknesses. We got consensus on that. Then we reviewed them and said what we could do, individually and as an organization, about them. It gave everyone a sense of ownership."

After the strength/weakness analysis comes real life, Harold says. "You come up with an agenda of what to do. Some things you can control and some things you can't, so you concentrate on what you can control." Once these things are done, "the bogeyman is cut down to manageable size," Harold explains. "Then good times and bad times aren't seen as a life-and-death matter."

3 Develop promotions that profit both the advertiser and the magazine

Understanding advertisers' needs and coming up with creative fixes for their problems takes more than lip service. It takes action. At *New York Woman*, every promotion must "move readers to registers," explains Rappeport. "Our magazine has the ability to make people walk in the front door of a retailer—and every promotion has to pass that litmus test." In this economy, she adds, "we scrutinize the effectiveness of what we do for advertisers 10 times more because that's what sells and holds advertising."

A promotion with a cosmetics manufacturer at Macy's that turned into a sales boost for the advertiser is a very convincing argument, she notes. "When advertising is inextricably linked to increasing their revenues, you become more vital to the advertiser, rather than an expense," she says.

A Christmas promotion with American Express, the magazine's owner, sent buses with shoppers on a loop around Manhattan, depositing them at key locations near stores, Rappeport says. All shoppers needed to get on the bus was a copy of *New York Woman* or an American Express card. (*For more on this subject, see "Merchandising's hidden value,"* FOLIO:, *September 1990, page 147.*)

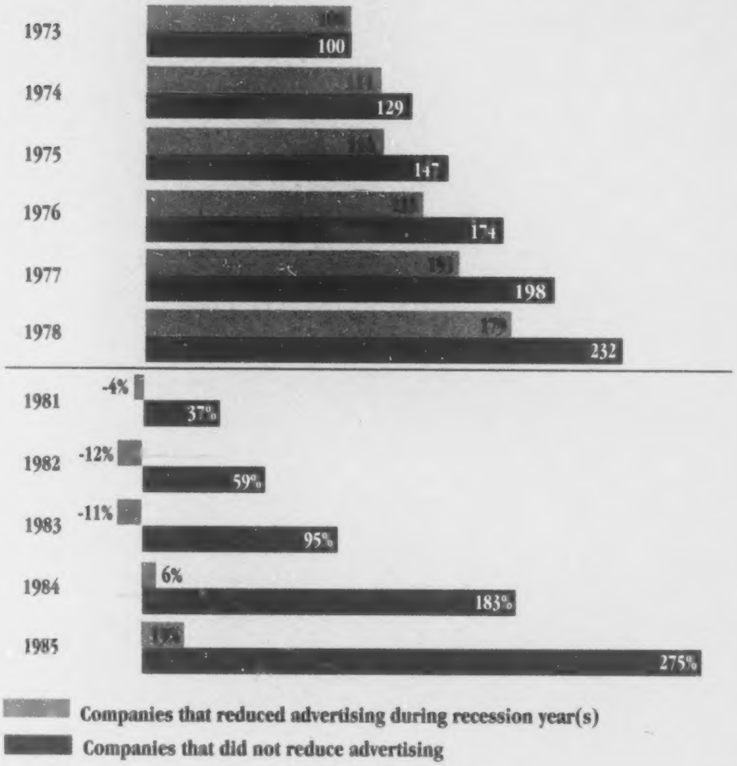
4 Don't give in to pressure for deals

Talking in public about rate dealing is like asking who voted for Nixon the second time. If nobody did it, then why did he win? Publishers unanimously acknowledge rate cuts are a big problem, but everyone points to the other guy.

By all accounts, the pressure to give advertisers a deal—often a cut in rates—is greater than it has ever been. "Never in all my years in this business have I seen the kinds of demands placed on magazines as we see today," says Seth Hoyt, publisher of *Cosmopolitan*. "It predates the current economic softness, but has been building for the last couple of years. First it was merchandising, then rate adjustments, then waiving premiums. We're not in the negotiation business. We have to restate the fundamental values to get advertisers out of the discount mode."

Consultant Joyce was pragmatic, but worried. "In hard times, advertisers have a stronger hand and they demand more. But the Seven Sisters have no more room to give. They'll lose money on an ad page eventually."

The case for advertising in a recession



***The first instinct of your ad prospects** during a recession is to cut back on spending. But two studies of industrial advertisers conducted for McGraw-Hill show that companies that did not reduce advertising during recession years outsold those that did, both during and after the recession. The first study indexes 1973 sales of 468 advertisers at 100, charting growth from there. The second, of 600 advertisers, notes which ones reduced ad levels during the recessionary years of 1981 and 1982 and charts percentage sales growth after the recession levels.*

The problem with bargaining on rates is that the magazine gets precariously close to break-even, notes Craig. "You discount to stay in business and make a smaller profit. It's better to break even than not have it. But the problem is that when good times return, it will be hard to get the full rate back."

Once you start, says Harold, you find you're having a fire sale. "What you end up doing is funding your competitors. The first-tier book can't negotiate price. You've set your own format and the client makes you adhere to the rules you've set. If you negotiate once, you find you've opened a window you can't close."

So the only thing left is to shift the discussion to merchandising. *Computerworld* offers to have its top executives attend education seminars it hosts and pays for, for particular advertisers. "It's expensive," Harold acknowledges, "but not as expensive as going off rate."

5 Forget image advertising

A similar concept, at *MPLS/St.Paul* magazine, emphasizes a "return on investment" program for advertisers, says Pat Mathews, advertising director. "We don't want our advertisers to do image advertising—we want them to advertise value and products, so they can see that their advertising works for them." Mathews' added-value program offers a column about new products and services; a retail-events calendar; counterboards in stores and overruns of ads. The publisher will even lend his name to an advertiser's mailing.

At Meredith, the concentration on "custom marketing" has paid off, reports Burt Boersma, senior vice president/magazine group. "It's brought in 40 percent more business in the last year (1990) than in the year before," he reveals. "I'd hate to think where we'd be without it."

Agencies and clients are requesting help in developing a "big idea" with which to market their products, Boersma reports. "It's because agencies are looking for ways to cement their relationships with clients. They're also looking for ways to come up with promotion dollars, in the absence of more media dollars from advertisers," he suggests. "We provide a turnkey operation where we say, 'If you give us the assignment, we'll do it from start to finish.' "

In one such partnership with the Sherwin-Williams paint company, Meredith produced a book for paint customers, did a video to be sold in stores, and used its *Better Homes & Gardens* real estate network to disseminate material to buyers and sellers of homes. "This is a lot more than selling one four-color page, and it's the way the business is going," Boersma declares.

This type of selling requires going high into a company's management to get approvals. "These are multi-million dollar programs," he notes. Meredith formed a separate, sophisticated sales force to sell it. "Salespeople have to understand marketing and retailing and how things work at the point of sale."

6 Some winning techniques for winning advertisers

Short of such marketing extravaganzas, other magazines are coming up with more modest, but meaningful ways to snare new advertisers or keep old ones happy. At *Philadelphia Business Journal*, says Mary Huss, publisher, "we've hired a telemarketer" who is concentrating on selling smaller advertisers into banner pages. The page is divided into smaller spaces, about business card size, which are sold for a couple of

KATHERINE MARCIANTE

You have to work harder, faster, to stay ahead of the competition. *—Don Vergara, Director of Sales and Marketing, Telemedia U.S.*

WENDY BARROWS

hundred dollars. The publication has also instituted a sixteenth-page size, which is offered only on a contract basis of 13 times a year. "It enables someone to run an ad for only $2,000 over the course of a year," she notes. "And it gets them to commit to a schedule."

At *Training Magazine*, 1 percent of revenues is devoted to customer audits to determine if editorial is meeting readers' needs, says Jerry C. Noack, vice president, group publisher of Lakewood Publications Inc. and the publisher of *Training*.

At Bill Communications, "We feel it's the time to concentrate on the people already advertising with us," says John Wickersham, president. "We're digging deeper into their business rather than going after new ad product categories."

7 Find new ways to motivate your sales force

At *Computerworld*, any salesperson who gets a page in a designated "growth category" gets a bounty, or more than the regular commission, says Harold. He hands out a Crystal Knight Award, recognition for achievement in the way a presentation is made, rather than for an actual sale. One went to a salesman who "went out and talked to the advertiser's customers and did a presentation based on those customers' needs. In our business, vendors often are far removed from their customers by the distribution channel, and any information about the end-user is very relevant and helpful to them. What he did positioned *Computerworld* in a good light," says an obviously proud Harold.

Keeping up morale takes constant diligence. At the *Philadelphia Business Journal*, "We have the reps in for a 20 minute pep talk before 8 AM," Huss says. "We've also upped the requirements on the number of appointments people have to make every week. It's very nuts-and-bolts, but that's what it takes." She also has small incentive-building contests "for fun. We'll have appointment-setting contests, where you get $10, candy or lunch for two."

8 Don't lower expectations

Sales managers must guard against setting sights too low. In an effort to avoid demanding the impossible, "You can actually demotivate people by lowering their expectations," Gordon notes. "If someone sold 400 pages last year, and you tell them they only have to sell 350 this year—well, that's what they'll bring in, when they might have sold 375." In the absence of a lot of pages, "you redefine the win in terms of definable goals. Instead of selling that 100 pages, make the goal retaining market share. That way they can refocus on a goal, not on the gloom," he counsels.

A sales manager can also sell his or her sales force on the future. "Recessions don't last forever, and you can make them see that the effort applied today will pay off later," says Gordon. "If they increase market share from 35 to 37 percent, right now that may not translate into more pages. But in years past, 37 percent would have meant a considerable increase, and it will in the future. If they can maintain that edge, they will cash-in big tomorrow."

9 Protect base salaries and set realistic goals

"We don't change base salaries," says *Cosmopolitan*'s Hoyt, "but we do become much more realistic about goals, objectives and quotas. We try to set them more realistically in line with market conditions and with a greater knowledge on our part of the specific realities of the category or account."

Hoyt has also instituted a cash prize for the "sale of the month," which is awarded for the best sale—either a new account, most difficult renewal, the largest new piece of business or the biggest stretch, he says. "We used to give a plaque, but this year it's money that's getting people's attention." And of course, the recognition and accolades that go along with the award also have a positive effect.

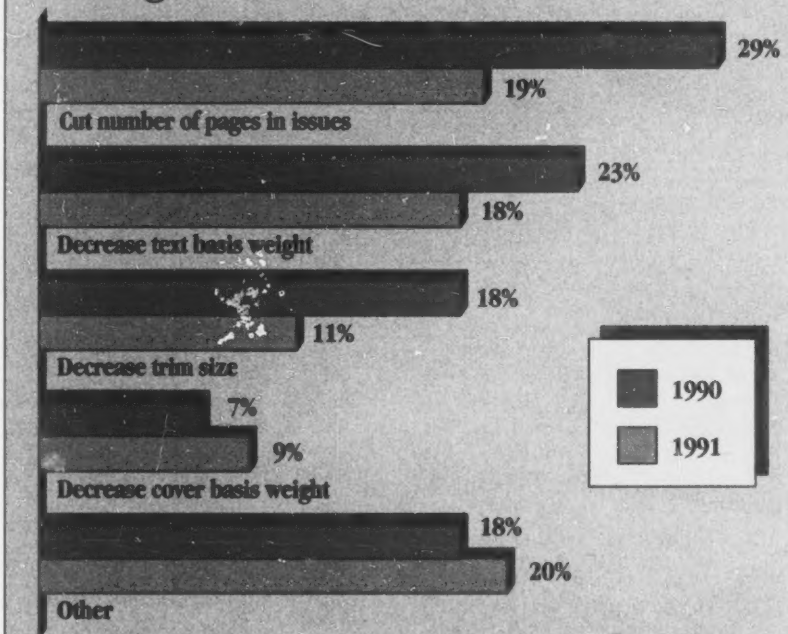
10 Take heart from a success story

Publishers battling depression about page prospects can take heart from *Texas Monthly*, which experienced a Texas-style recession a few years ago, reports Jalaane Levi-Garza, ad sales director. "We didn't panic, we didn't negotiate rates or cut back on the product quality or let our circulation file falter. We concentrated on creating marketing partnerships with our advertisers, going after non-traditional advertisers, and maintaining a quality editorial product and circulation. And in 1990 we closed up 15.7 percent in revenue. It's been a lot of hard work, but business is good. We weathered the storm and gained market share."☐

Jennifer Howland is a Norwalk, Connecticut-based freelance writer specializing in the business media.

And the survey says...

FOLIO: readers were asked what they're doing to hold down costs while holding on to readers and advertisers. In a nutshell, they're cutting pages but keeping color. They're looking for more sophisticated services from their printers and adopting some high-tech mailing options. And they predict that production inflation will be 5.1% this year. Here's the scoop.



Cutting costs: How and when

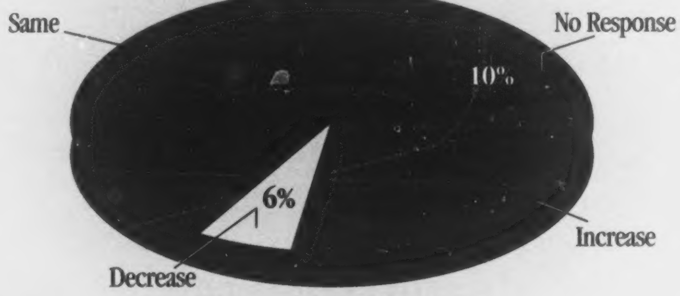
***Is this the year of the incredible shrinking magazine?** Over half of respondents reported some kind of downsizing—most by cutting pages or decreasing basis weight. Others decreased their trim size, tightened their ad:edit ratio, decreased frequency or cut circulation. While cutting costs remains a priority, the rate is slowing, so 1991 should be a bit more upbeat.*

Q. How often do you formally bid your magazine to other printers?

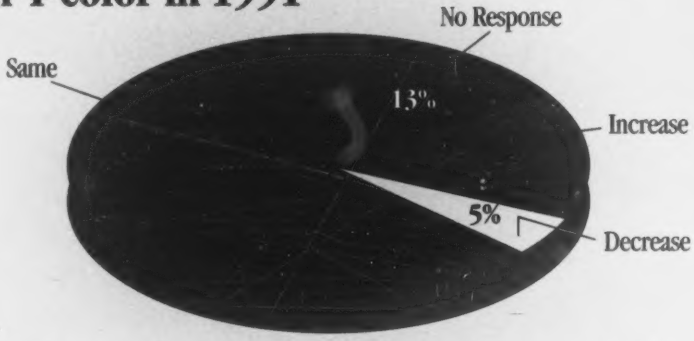
A. 30% said every three years.
23% said every two years.
19% said every year.
11% said after five or more years.

SONO DESIGN

Percent increase/decrease in 4-color in 1990

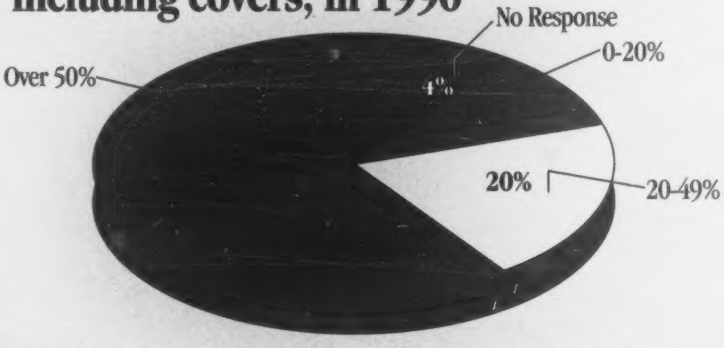


Percent increase/decrease in 4-color in 1991



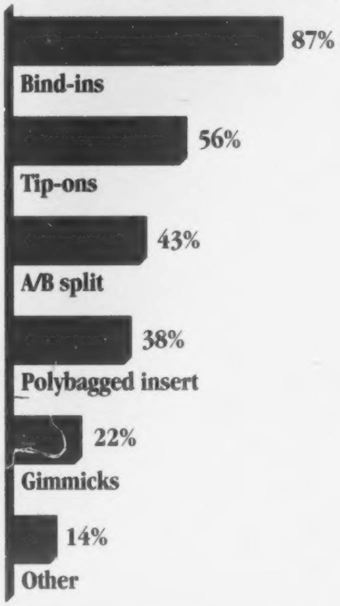
Size may be down, but color use is up—way up. *Publishers are using color to create excitement, as 30 percent increased their four-color use in 1990. What about 1991? A little less bullish: 16 percent say they plan to increase four-color.*

Average percent of 4-color pages, including covers, in 1990



Four-color pages are on the rise too, *as 65 percent of respondents produce magazines that run over half of their pages with four-color.*

Types of inserts offered to advertisers



Most publishers haven't seen an increase in the number of inserts *running in their magazines, but a majority (87%) are offering bind-ins and tip-ons (56%).*

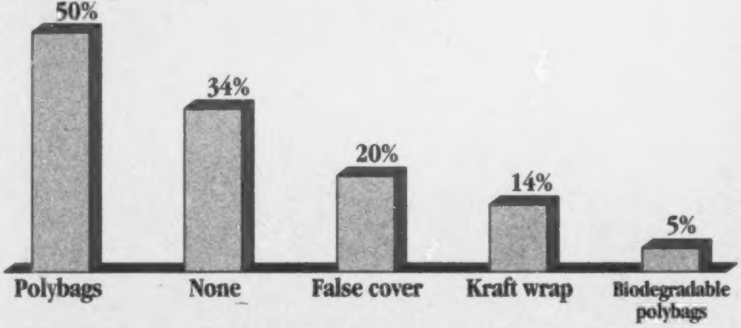
Q. How long have you been with your current printer?

A. An average of 7.2 years.

Q. If your contract is up for renewal, what increase is your printer requesting?

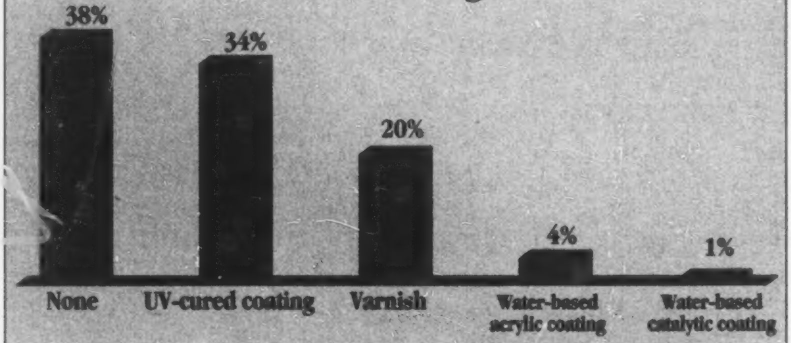
A. 3.5%

Mailing wraps: A mixed bag



***Despite the increasing environmental concerns,** polybagging is still the wrap of choice. Of the 17% who are considering switching, most said they would replace polybags with biodegradable polybags, kraft wrap, or no wrap at all.*

Cover finishes: What's being used



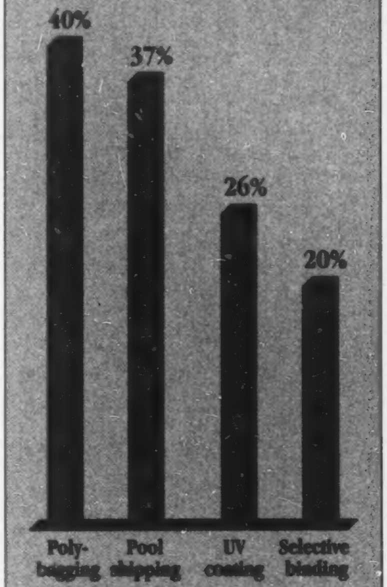
***Environment vs. appeal.** 14 percent of respondents said they were considering a switch in cover finishes this year. Half hope to move away from UV coating (for environmental reasons) and half hope to begin using it (for better newsstand appeal).*

Technology: A cure gone begging?

Here are the most popular high-tech and service options used last year. The percentages are surprisingly low.

% using	Feature
28	Multiple (additional) postal entry points
20	Pool shipping for multiple postal entry points
17	Co-mailing
17	Selective binding for demographic splits within single pre-sorted mailing list
14	Ink-jet printing
9	Alternate delivery for subscriber copies

What do publishers want?



***We asked publishers what services** they find "essential" in a printer. In addition to the above, 13 percent said that their printer not offering co-mailing would be reason enough to consider changing printers.*

Production inflation to reach 5.1%

We asked respondents what increases they were budgeting in 1991 for various costs. Their answers:

% increase budgeted	Area of Expense
2.8	Printing
4.1	Ink
2.0	Binding
11.5	Distribution
3.8	Paper
5.1	Total production

Methodology

Of the 982 production executives who received questionnaires, 274 responded, resulting in a 28 percent overall response. Of these, 266 surveys contained sufficient information to be tabulated. Business magazines represented 43% of the respondents, consumer books were represented by 53%.

Cheap imports almost a thing of the past

But if ad market remains dismal, predicted price hikes may not materialize

by Cary Peyton Rich

In the wake of allegations of Europeans dumping paper and the duties that will probably be assessed, cheap imported paper may become more dear late this year.

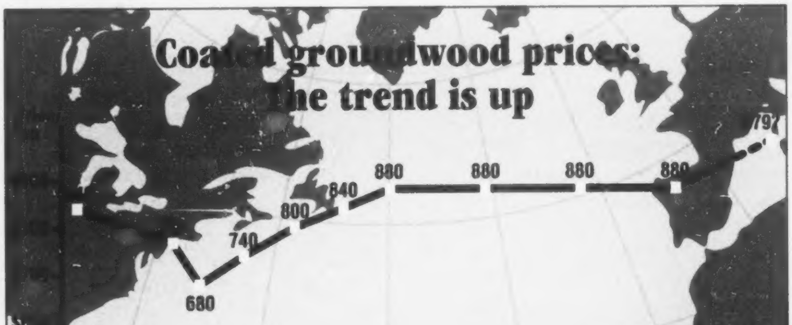
But to those few suppliers who have predicted that paper produced in this country and Canada will be on allocation as a result, a reality check is in order.

European paper producers from Great Britain, Germany, Belgium, France and Finland named in the American Paper Institute's anti-dumping petition may be assessed dumping duties as early as June. If imposed, those duties will likely force producers to increase prices, which could bring about a corresponding increase in demand for North American coated groundwood.

But print industry experts and printers say the current advertising slump, heftier postal regulations and the industry contraction will keep paper in plentiful supply, and could also keep a lid on prices. Jay Eliezer, a print industry consultant based in New York City, scoffs at the idea of allocations. "I think the paper will be there. The difference will be in the discounts."

"I can't possibly believe paper would go on allocation," confirms Quentin S. Jones, chairman of Hollywood, Florida-based R.D. Weiss Lithographic Company. "If anything, I think paper will get cheaper." Paul Mack, president of Mack Printing, states bluntly that "There's such an overcapacity of paper right now, I must confess, allocation would come as some surprise with the quite obvious recession in the publication industry."

What to do if these experts are wrong and actual shortages occur? Mack would urge customers to consider a switch in grades—thinking about those options sooner rather than later. Sometimes the alternates are used permanently, he says, rather than for the short term. ☐



JULIE MCWILLIAMS

The new postal equation

Postage rates up, basis weights down, quality in the balance

Publishers are changing grades and switching to lower basis weight paper in an effort to save on postage costs. Although some publishers have already downgraded, a greater number were waiting until the rates were announced before making a move. Now there's no more waiting.

Basis weights are dropping like stones, thanks to the United States Postal Service.

Dropping basis weight is "the quickest move any publisher can make," says Rick Irwin, general manager/publication papers division of Gould Paper Co. "The second is to drop quality—move from a No. 4 to a No. 5 grade. Now we're starting to see people drop both."

Dan Temple of Jaakko Poyry, paper consultants, says magazines already using very light weights will try even lighter papers, but that magazines using heavier paper won't try drastic cuts.

"A magazine using 32- or 34-lb. paper will probably try 30- or even 28-lb. paper," he says. "Heavier magazines, on 40-lb. paper or more, most likely won't drop to 34-lb. paper. Magazines on heavier basis weights are looking for quality."

Magazines switching have been very conservative, notes Irwin. "A lot of people go from a 45-lb. to a 43-lb.," he says. "Those same magazines might be 40-lb. users before the year is out." —*C.P.R.*